

JENS LOEWE

WATER **ABLAZE**

THE CONTAMINATION AND COMMERCIAL EXPLOITATION
OF A RARE AND VITAL RESOURCE

Translated by Philomena Beital

VERLAG NWWP

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Verlag NWWP

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For everyone on our planet –
since none of us can survive without water

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We are all familiar with the story of David and Goliath. In today's world, as globalisation with its horrific consequences rears its ugly head everywhere we turn, it is all too easy to identify the giant. "But where is David?" we may ask ourselves. "Who will be able to slay Goliath?" If we look and listen closely, we will notice that countless positive developments and tiny miracles are taking place all over the globe. One of these miracles led to the appearance of the English translation of this book. When an environmentally-aware friend here in Stuttgart, Philomena Beital, read the German edition, she decided to translate the book into English free of charge. A native speaker herself, she hoped to contribute to the spreading of information about these issues, which only goes to prove that we are not doomed to inactivity as the popular and exonerating excuse – "There's nothing we can do about it anyway!" – would have us believe. Through the accumulation of this and other small wonders, David is summoned to the scene and will effectively be able to confront Goliath. In other words, David exists wherever one individual decides to take action without waiting for someone else to act first – and things will only happen elsewhere when another individual follows his or her own conscience. This is what David is ultimately all about.

When I wrote this book, I had no intention of presenting the reader with encyclopaedic information on all water-related issues. I simply wanted to put down on paper my personal experiences, as well as my consternation and deep concern about how the concept of water is changing. What used to be a natural and vital resource for everyone on the planet is rapidly being turned into a profit-making machine for a handful of big companies. My aim is to reach as many people as possible and provide details not only about where and how water is being polluted, wasted or removed from the realm of democratic control but also – most importantly – about alternative solutions and how we all can use the possibilities available to us to oppose this development.

With this in mind, I have made a detailed analysis of certain cases – e.g. events in Stuttgart, because this Swabian sell-out of gas, electricity and water supply networks is unparalleled and can serve as a warning to us all. In other towns, too, the pressure to privatise these networks is growing. Investment funds and large companies are trying their utmost to get their hands on the right of disposal of municipal energy supplies because of the vast profits they can make by establishing a privatised monopoly.

A closer look at Cross Border Leasing (CBL) illustrates the far-reaching consequences which such fictitious – and meanwhile illegal – deals can have for the public now and for future generations, as well as showing how political decision-makers are foolishly allowing themselves to be “taken for a ride” by business consultants.

Although the examples of privatisation examined in this book took place in different parts of the globe, they all have one thing in common: politicians have long since lost control of the situation. At the same time, the resistance of those affected is becoming progressively organised, demonstrating – in a moving way – just how powerful an instrument citizen participation can become in the fight for civil rights and a democratic say in decision-making. Surprisingly enough, it is examples from “less developed” countries, such as Bolivia, which can teach us a great deal about how to lead successful campaigns against water privatisation. They all deserve our full support.

State-funded development aid programmes for the Third World are an entirely different matter. Fears are justified that the international megacampaign “Millennium Development Goals 2015” will allow privatisation and profit-making interests to be pushed through, which – under the idealistic guise of “fighting poverty” – are intended to smooth the way for the advance of the private sector. This is cynicism with a long tradition, now served up in a modern and seemingly consumer-friendly manner. The prevailing spirit of this neoliberal selling off of publicly-owned infrastructure and plundering of natural resources, under the pretext of delivering aid, reveals a fundamental lack of respect for a nation and the non-recognition of its right to self-determination.

Many of the events described here are highly topical. Dedicated environmental protection groups are currently trying to stop the construction of the Ilisu Dam in Eastern Turkey because ancient places of cultural interest would be flooded as a result and more than 50,000 families would be forced to leave their homes. Syria and Iraq, as neighbouring states on the River Tigris, would literally have their water supplies cut off. Equally topical is the contamination of drinking water supplies by radioactive substances or waste from nuclear reactors. As I write, the status of the former German salt mine Asse II, near Wolfenbüttel, which houses 125,000 corroding metal barrels containing low-level and medium-level radioactive waste, is in the process of being “redefined”. Originally a research project, it is now being wrongfully and illegally used as a permanent disposal site for nuclear waste. These facts have gone largely unnoticed by the general public. For a long time now, we have been given repeated assurances that there are no safety risks involved. Every day, however, around 12,000 litres of water find their way into the mine, so we have to assume that radioactive substances are going to get into the ground water sooner or later.

This turn of events leaves me both speechless and angry, but it also makes me want to intervene. My impression is that those responsible are neither able to recognise the full extent of the situation nor are they able to respond to it in a sensible way. This is why I feel the need to point out possible solutions and, above all, to raise questions about civil rights and the democratic voice of the people in matters of consequence, e.g. with regard to the holding of national or local referenda, which would allow the public to actively influence political events and put an end to such complete and utter madness.

I can well imagine dark clouds gathering in the reader’s mind as he or she digests some parts of this book, allowing a feeling of powerlessness to set in. It is not my intention, however, to portray these problems in the style of investigative journalism or in the way disasters are reported in the media. My detailed analysis should rather serve to contribute to a comprehensive understanding of the situation, to provide alternative solutions and to encourage people to become actively involved.

There are numerous examples to prove that alternative solutions can be found and put into practice. In the Netherlands and in Uruguay, water privatisation has since been prohibited; in towns such as Potsdam and Grenoble or in Cochabamba (Bolivia), famous for its so-called “water wars”, water supplies have been returned to local authority control. Many other heartening success stories could be told here.

Water is synonymous with life – and at this moment in time, when the water on our planet is in such grave danger, it is as dependent on our courage to act as we are on its life-giving qualities for our survival.

*“What we now need is not
fearlessness with regard to our own personal
safety, but rather perseverance in day-to-day
matters. The courage that life demands of us is
this: to keep on fighting in the face of apparent
hopelessness.”*

Plinio de Arruda Sampaio, Brazilian activist and President

Lula’s former fellow party member

The Chinese have an ideograph which symbolises both crisis and opportunity at the same time. This connection might perhaps help to explain the growing readiness that has become apparent in the midst of the current financial crisis to look for new ways of doing things and alternative solutions to our problems. We are all aware that the status quo cannot be maintained. A crisis of any kind can be an incentive to change one's way of thinking, something we desperately need at this present moment in time as we gaze on the grotesque countenance and sheer absurdity of neoliberal globalisation in its most unadulterated form. Those powerful decision-makers, who for years have been singing the praises of free trade and discrediting municipal water utilities for the way in which they "distort competition", are the very ones now handing out hundreds of billions of euros to individual banks in a reckless, unilateral effort – money which is not theirs in the first place and which does not even exist. By August 2009, the HypoRealEstate Bank alone had received state guarantees of over 100 billion, following the huge losses incurred by the bank at the international gambling table. At one recent organised event, several pupils asked why those bankers responsible for fluttering away enormous sums of other people's money were not being prosecuted but rewarded instead with bonus payments. A very legitimate question indeed! Private financial institutions were not the only ones who participated in this game of roulette with non-existent money, however: German federal state banks (i.e. the Landesbanken, which are, so to speak, the house banks of their respective federal states) were also largely involved – and still are – in this kind of speculative business.

In the middle of 2009, Baden-Württemberg's regional bank (LBBW) requested and received around €5 billion from its owners as well as over 10 billion from the state itself. But surely citizens should be able to rely on these federal state banks to act in the public interest! The bank's losses – and consequently those of the state government – did not stem

solely from its trade in derivatives, but also from highly risky Cross Border Leasing deals, in other words, bogus tax-evading transactions which politicians were talked into after being reassured that these were low-risk deals which would “rescue the municipal budget”. We now find ourselves in a regulatory cul-de-sac because no-one knows just who exactly is “entitled” to the billions in question. The banks perhaps, since they were the ones who gambled away the money? Or perhaps the car manufacturers, too, who have as yet failed to develop fuel-efficient vehicles or produce electric cars on a widespread scale and who are consequently experiencing a fall in orders. Or even department store chains? What convincing arguments are there anyway in favour of pouring these financial blessings exclusively on the heads of the really big fish and not allowing smaller businesses to cash in as well? Or perhaps only the latter should benefit, since they are the ones who are more likely to provide jobs in the future and safeguard our net product? In any case, politicians have apparently not yet altered their way of thinking, but seem intent on pursuing their present course of action undeterred ... What we desperately need now, however, is the introduction of relatively simple, clear-cut measures. People must be informed about the activities of individual banks and know which ones are gambling and where they, as customers, stand to lose everything. State-owned banks should certainly not be gambling with our money. What possible reason could these banks have for participating in international speculation, sham transactions or tax-evading deals such as CBL etc.? Taxpayers are finding it difficult to comprehend why their money is being used to pay for the billions of euros frittered away by the banks. It is equally absurd that public funds are being ventured in speculative investments, a process completely and utterly irreconcilable with sound local government budgeting.

The financial crisis has brought to light another aspect relevant to the topic of this book. Since the 1970s, the volume of money in circulation does not have to be underpinned by a corresponding amount of gold held in national reserves. If the sums of money being printed or distributed by the government no longer stand in any relation whatsoever to the gross national product or to the genuine net

product, then we can predict that our essential resources and public assets will increasingly come under attack. That is why we have to find ways to protect the commons and our natural resources, as well as to sustain them and control them democratically. Otherwise they might easily end up as part of the bankrupt's estate in the international gambling casinos. At present here in Germany – and almost completely unnoticed by the public at large – lakes and forests are being sold off by the BVVG, one of the Federal Republic of Germany's executive organisations. Lakes are being auctioned off for a handful of cents per square metre in order to generate income. But what are the few million euros gained by such sales when billions are being squandered on bankrupt financial institutions? These vast sums of money, which would be enough to alleviate hunger and poverty in our world, are benefitting the banks in particular. So much for our government's priorities!

*“We are not only responsible for the things we do,
but also for the things we allow to happen without
taking action.”*

Lao Tse, Chinese philosopher who lived around the 6th century B.C.

The financial crisis and the billions of euros handed out as gifts will inevitably lead to fiercer assaults on our public assets and resources. In order to prevent this happening, it is absolutely crucial that we remunicipalise those resources already privatised and take them back under genuine democratic control.

We citizens of the “civilised” western world have an unimpaired relationship to water because we enjoy round-the-clock access to a clean and high-quality supply of it. We are able to quench our thirst at all times – at least we have been up to now! The future, however, does not look good. The world is running short of drinking water resources, not only because of the ever-growing demands made by agribusiness, industry and domestic households, but also because our ground water and surface water are becoming more and more polluted.

There is also a political dimension to the problem. A ruthless, profit-orientated, global elitist clique is getting ready to plunder the entire planet. It is no longer simply a case of trading in those raw materials traditionally used in the manufacture of consumer goods but, increasingly, the commercial exploitation of vital resources indispensable to our human survival. Included on the shopping lists of big multinational companies are gas, electricity and drinking water supplies, public transport, roads, rivers and lakes, telecommunications and postal services, refuse disposal, schools and museums, administration, social services, sponsorship of cultural activities and many other items. In German, the term “*Daseinsvorsorge*” (translated in a legal dictionary as “*provision for elementary requirements*”, in other words “*providing for our basic, day-to-day human needs*”, translated here, however, as “*provision of essential public services*” or simply “*essential public services*”) covers a large number of the areas mentioned above, i.e. those systems and institutions which ensure that all citizens have access to the same essential services.

Article 28 of the German constitution places these public services under the democratic control of local authorities, a practice which has a long tradition. As globalisation and liberalisation continue to spread, however, the principle of self-administration is being increasingly repressed. More and more frequently, those public services affected in the process are being targeted by multinational consortiums, whose aim it is to make huge profits by operating individual or multiple

utilities according to the principles of private enterprise. As far as our water supplies are concerned, this development is particularly alarming because there is no substitute for water, just as there is none for the air we breathe. Experience has shown that, when water is traded just like any other economic commodity, the quality deteriorates, prices rise, all form of democratic control is lost and political decision-makers become susceptible to blackmail.

In order to reinforce these statements, I will need to take a closer look at various aspects relating to our use of fresh water.

3.1 **Water in Abundance?**

More than 75 per cent of the Earth's surface is covered in water. This figure creates the impression that we will always have an adequate supply of it and one which could never ever run dry. But appearances are deceptive. Only around 2.6 per cent of the world's water reserves are made up of fresh water sources and only just under 0.6 per cent of these are available to us. The remainder – approximately 2 per cent – is locked away out of our reach in glaciers, the polar icecaps and perpetual snow.

The fresh water at our disposal is extracted from rivers, lakes, springs, wells and subterranean water deposits, so-called aquifers. Our planet's fresh water reserves are distributed in the following way: glaciers and polar icecaps approximately 77 per cent, ground water to a depth of 800 metres approximately 10 per cent, and ground water to a depth of between 800 and 4,000 metres approximately 12 per cent. Ground humidity, lakes, rivers, the atmosphere, vegetation, animal and human life together account for less than one per cent.

The total amount of water on the planet remains constant and it is always the same water we use to satisfy our needs. The tears shed by a sad dinosaur many millions of years ago at the thought of becoming extinct may possibly be found again today in some beach café refreshment, and may even have been used in the meantime

by Alexander the Great whilst cleaning his teeth. However, as more and more water is rapidly becoming polluted, the actual amount of utilisable fresh water is diminishing.

More often than not, we imagine the self-purification process undergone by water to be a very straightforward one, assuming perhaps that the rain seeps into the ground only to emerge a short while later in some blithe and sparkling stream in the Swiss mountains or wherever. This is not the case. The natural regeneration cycles, i.e. the period of time from the moment the rainwater finds its way into the soil until it bubbles forth again from some spring or other, can take centuries to complete. On the other hand, our demand for water is snowballing. Consumption is currently growing at twice the rate of the increase in world population and has trebled worldwide over the last 50 years.

On average, every citizen in Germany uses about 130 litres of water a day and in the United States, the figure is more than 200 litres. By way of comparison, a human being requires only three litres of water a day in order to stay alive. Each day, around 6,000 children die of thirst or as a result of drinking contaminated water.

Approximately 50,000 litres of water are utilised in the production of a single car. An orange requires 50 litres until it ripens and a kilogramme of cut flowers 1,000 litres before they are sold. For the “production” of one kilogramme of meat, 10,000 litres of water are necessary, and a medium-sized microchip factory “swallows” 400,000 litres every hour. Agriculture is responsible for 70 per cent of water consumption worldwide, followed by industry with 20 per cent and domestic households with a “mere” 10 per cent. Far more than half of the world’s regenerative fresh water deposits are situated in the water-rich regions – Western Europe, the northern part of North America, South America and South-East Asia. According to UN estimates,¹ the world’s population is expected to grow from today’s figure of around 6.8 billion people to 9.1 billion in the year 2050. This fact alone will lead to a drastic shortage of water in arid regions. Hardest hit at present are the poorest of the poor – a state of affairs which looks set to continue well into the foreseeable future.

3.2 The Search for New Sources – Some Crazy Notions

Eccentric attempts are being made all over the world to offset the impending water shortage. Plans exist, for example, to transport water from Canada to parched California by means of *gigantic pipelines*. There is also the concept of *river-linking* or *interlinking* which would divert rivers on a large scale. In Spain, authorities were considering branching off the 927-kilometre-long River Ebro into artificial canals with an overall length of 900 kilometres, in order to supply the South of the country and other areas with water. The project was abandoned in summer 2004 after massive protests.

Since the 1980s, similar plans have been underway in India to link almost all major rivers, including the Ganges and the Brahmaputra, so that water from the Himalayas could be distributed via navigable canals. The estimated cost of the project stands at \$12 billion but it still remains to be seen whether or not it will actually go ahead. Environmentalists are putting up considerable resistance because of the severe ecological damage which would result, not to mention all the problems faced by those who would have to be resettled.

Likewise in India, a 23-kilometre-long stretch of the River Shenoath was sold in 1998. The private operating company Radius Water Ltd. acquired a licence allowing it to supply water to industrial enterprises on both sides of the river. Violent clashes broke out because the company chased away local farmers when they came to fetch their water from the river, just as they had always done. This private deal had to be called off in April 2003.

Tankers provide another means of transporting large quantities of water. The U.S. company Flow Incorporated, based in Charleston, South Carolina, is planning to fill the ballast tanks of large oil tankers, carrying oil from the Middle East to the USA, with water on their homeward voyage. It is the company's intention to develop a thriving new branch of the water industry and to set up a "World Water Organisation" in accordance with its own vision.

Tube wells are another method used to access good water, but these wells have to be sunk deeper and deeper, sometimes to a depth of

several hundred metres, because local ground water levels fall. The very projects which were financed by development aid funds and enthusiastically celebrated in the 1970s and 1980s have now turned out to be seriously detrimental to the environment since many of the regions affected are turning into deserts – a process which is accelerating at an alarming rate.

One further approach, which is still at an embryonic stage, is to transport *icebergs* to wherever water is needed: a concept which would make vast quantities of water readily available but which would prove both technically challenging and costly.

Equally damaging to the environment is a process by which *melted glacier ice* would be introduced into the fresh water cycle: global warming at the rate of less than one degree is causing the Himalayan glaciers to melt faster than in centuries past. Climatologists regard the Himalayan range as the “third pole”, alongside the Arctic and the Antarctic. The melting away of glaciers has a knock-on effect: greenhouse gases are released which, in turn, cause global warming to speed up. At the same time, the permafrost areas are thawing, for example on the Tibetan plateau – as a result of this, ground water levels are falling and hundreds of lakes are drying up.

On August 16, 2005, the *Financial Times Germany* reported on the discovery of large reserves of fresh water under the bottom of the sea by Dutch research scientists, who are hoping to extract this “*undersea ground water*” or “*oceanic spring water*”, as they call it. In technological terms, this would be carried out in a way similar to that of offshore oil extraction, with drilling rigs situated out at sea allowing access to the water deposits as required.

3.3 **Water Waster Number One – Agribusiness**

Agriculture is the world’s largest fresh water consumer, with demands continuing to rise, even though everyone is aware of the looming water shortage. In order to increase yields, plants are now being watered

which previously survived without artificial irrigation, e.g. olive trees and vines. Absurd EU legislation rewards farmers for overproduction by subsidising them while, at the same time, vast amounts of foodstuffs are being destroyed so that prices can be kept stable. Farmers, however, are the very people who could contribute to water conservation by cultivating plant varieties suitable for the local climate and practising methods such as “drop water irrigation” or underground irrigation using water pipes.

*“Water is the first principle of all things.
The world created itself out of a
combination of water and psyche.”*

Thales of Milet (approx. 624-544 B.C.); Greek natural philosopher, statesman, mathematician, astronomer and engineer; one of the Seven Wise Men; since the time of Aristotle, regarded as the founder of philosophy and science. Thales taught that water is the primeval substance out of which all things come to be and that the hydrological cycle is the expression of the soul inside all living things.

One aspect of agriculture posing a further potential threat to our drinking water is the dramatic increase in the cultivation of genetically-manipulated plants and the fertilisers containing the highly toxic herbicides which these plants require. Since the EU moratorium banning imports of genetically-modified foodstuffs was lifted, genetically-engineered crops have been planted in Germany and other European countries. Hardly any research at all has been carried out into the interaction between such plants and the environment.

One thing is certain, however: the statements made by numerous politicians who claim that coexistence is possible between plants which have been genetically altered and those which have not, are based on deliberate deception because no-one with even the slightest knowledge of the subject could ever be led to believe this. Plants act invasively, their

aim is to spread. Genetically-engineered varieties could contaminate the whole planet – a process which would be almost impossible to halt.

3.4 **The Water Business – One Source of Revenue That Will Never Run Dry**

Water – or the lack of it – is one man’s fate and misfortune and another man’s gold-mine, a resource promising to yield ever-spiralling profits on account of its scarcity: “*In the twenty-first century, water will become what oil was in the twentieth century.*” This was the prognosis of the U.S. financial journal *Fortune* in the year 2000.

In one of the advertisements in its “magazine for innovative investment products”, *ideas*, the German Commerzbank states very precisely what water privatisation is really all about: “*Earn money with the rich. [...] Water, the oil of the twenty-first century. [...] Every person in this country uses around 129 litres of water a day while, at the same time, more than one billion people worldwide have no access to clean drinking water and half the population in the developing world are without basic sanitation. Water is scarce and demands are rising. Is water the megatrend of the coming century? For investors at any rate! [...]*”

Although we currently still have sufficient water reserves, experts are already predicting a water crisis. The demand for water is rising at a rate of 2.5 per cent annually, considerably faster than world population growth. [...] Progressive urbanisation, above all in transitional countries such as China and India, is also taking its toll, as is the increasing health and hygiene awareness in the western world. Those who know the water industry are therefore prophesying a global water shortage by the year 2030, at the latest 2050. [...]

Adhering to EU wastewater guidelines alone will cost about €300 billion in the coming decade. On top of this, the EU has decreed that member states must introduce water prices according to the actual

cost principle by the year 2010. This will not only double the price of water in some regions but also bring vast amounts of revenue pouring into the treasuries for future investments. The huge demand for investment is playing into the hands of water technology companies; the prospects for the coming years are excellent. [...]

At present, 90 per cent of water supplies are still in state or local authority hands. The chronic lack of funding at federal and municipal level is largely responsible for the difficult situation the water industry finds itself in at present. And in future, the depleted coffers will be even less able to afford the necessary investments. The problem has been recognised, however, and one town or city council after the other is now privatising its municipal water supply and distribution system. [...]

Even today, the private-enterprise water market is valued at around €300 billion. Water is a market with potential for future expansion. A wide range of companies will profit from the foreseeable boom in the water sector. More than 5,000 enterprises are active in the water delivery industry. [...] Experts anticipate growth rates of between 8-15 per cent per annum. We will soon be able to offer you, the investor, an innovative product which will enable you to take advantage of the opportunities created by 'megatrend water'.”²

The Deutsche Bank proceeds in a similar fashion, advertising the same “megatrend” through its investment subsidiary DWS: “Water, the blue gold, is becoming scarce. – Even today, water is a rare commodity and, in view of the population growth in developing and transitional countries, the situation looks geared to become even more critical. A short supply of a commodity is per se the prerequisite for excellent returns. [...] Two facts serve to indicate the tremendous business opportunities which companies can look forward to: in China and the USA, up to 20 per cent of drinking water is lost on account of leaking water pipes. Part of the mains system in New York is still made of wood.”³

All life on Earth, whether human, plant or animal, relies upon water for its survival. We are, of necessity, dependent on water and would be prepared to pay any price for it, if need be! Investment analysts are

well aware of this fact, of course, and their recommendation to invest in companies involved in the water delivery business is a persuasive one indeed. There are enormous profits waiting to be made. In its March 2006 edition, the magazine *Der Aktionär* rates the water sector as one of the ten most promising investment tips. And to quote once again the economic journal *Fortune*, this time from the year 2005: “If you are looking to invest in secure shares promising steady returns, then why not try the ultimate alternative to the Internet: water.”

“Water – A Booming Market” was one of the headlines in the *Süddeutsche Zeitung* of July 13, 2005. The article proclaimed: “Water is the oil of the twenty-first century. Experts believe that clean drinking water will become scarce faster than crude oil will, because the demand for it is currently growing at twice the rate of the world population. Investors will do well to place their money in shares and funds in this growing market.”

Such insight comes almost automatically in today’s globalised world. The promotion of free trade means that everyone now has to compete with everyone else at international level, resulting in a kind of downward spiral: an increasingly aggressive price war is being waged, business locations worldwide vie with one another and the race is on to find those locations which have the lowest environmental standards and the least restrictive legal requirements. Companies manufacturing consumer goods fight to the finish in a so-called “run to the bottom”. The architects of neoliberal globalisation originally envisaged Third World countries importing finished products on a large scale and exporting their own natural resources at very low prices. What they did not anticipate, however, was that the tables might one day be turned, with transitional countries such as Thailand, South Korea, Taiwan, China, Brazil or Mexico evolving into industrial powers and overtaking the former “world export champions”. Meanwhile, it is said that globalisation “devours its own offspring” or, to put it more accurately: “globalisation consumes itself.” Against this background, it is only too easy to understand why large for-profit companies are increasingly targeting essential services and vital resources because they can establish a kind of monopoly position and ward off rivals.

Monopolies within the water sector are particularly alarming because it is still not the usual practice to this day – for reasons of hygiene – to have different suppliers feeding their water into the same mains network. A private-enterprise water utility is therefore tantamount to an outright monopoly.

This strategy for success presupposes, however, that neither politics nor the local population will put obstacles in the way of the supplier. Cutbacks in maintenance and replacement investments, as well as the freedom which operators have to charge ever-increasing prices, account for the soaring profits harvested in the water industry. Should these possibilities be restricted in any way, there is a good chance that even heavyweights in the branch will soon lose interest.

The activities of the Rheinisch-Westfälische Elektrizitätswerk AG (RWE) are one topical example of this phenomenon. The corporation entered the global water business when it took over Thames Water in the year 1999, with a view to making huge profits. In London, of all places, where Thames Water is based, this dream of a deal began to stagnate in 2005 because the industry regulator OFWAT (Office of Water Services) refused to allow the company to raise prices and insisted that investments be made in the infrastructure, as had previously been agreed on. As a result, RWE decided in 2006 to sell off its water subsidiary Thames Water, announcing that, due to overstringent regulatory measures, the water business was no longer lucrative and contributed too little to overall corporate profits.⁴

Problems caused by derelict infrastructure weave their way through the history of water privatisation like a recurring theme. Profits were at their highest where a well-maintained mains network was taken over and operated for years by a company unwilling to invest in infrastructure maintenance but very keen to raise customer charges.

3.5 The Climate Change – Pretext for Military Operations?

Water-related military operations, though seemingly being carried out for humanitarian or environmental reasons, may actually be of an entirely different nature altogether. It is feasible that economic or strategic goals – or even plans for the occupation of another country – are being pursued. We could say that climate-induced water crises “furnish the military a fit occasion for intervention”. M. Broder wrote in the *New York Times* of August 8, 2009:

“Washington. – The changing global climate will pose profound strategic challenges to the United States in coming decades, raising the prospect of military intervention to deal with the effects of violent storms, drought, mass migration and pandemics, military and intelligence analysts say. [...] Recent war games and intelligence studies conclude that over the next 20 to 30 years, vulnerable regions, particularly sub-Saharan Africa, the Middle East and South and South-East Asia, will face the prospect of food shortages, water crises and catastrophic flooding driven by climate change that could demand an American humanitarian relief or military response. [...] Another vulnerable installation is Diego Garcia, an atoll in the Indian Ocean that serves as a logistics hub for American and British forces in the Middle East and sits a few feet above sea level. Arctic melting also presents new problems for the military. The shrinking of the icecap, which is proceeding faster than anticipated only a few years ago, opens a shipping channel that must be defended and undersea resources that are already the focus of international competition...”

main building and some of them were very seriously injured by the police in the process. The director of the WWF, Gerd Bergkamp, had no words of condemnation at all for this brutal action. To cut a long story short: the World Water Forum (organised by the “Water Council”) is a lobbying event, a kind of “contract market” for the key players in the global water business, a meeting where large projects are discussed and negotiated. EU and U.S. companies dominate the scene in a very one-sided manner. A completely different image of the forum is conveyed to the public, however. These giant projects and privatisation schemes are all embedded in euphemistic expressions such as “problem-solving”, “achieving the millennium goals”, “responsibility towards the environment” and “working together as partners to solve problems”. What this last phrase really means is that the large companies call the tune and the local population loses all control over its own resources – and this book describes what happens in such cases! The activists who took part in the alternative forum or “People’s Water Forum” stated their position on the matter in a declaration which they sent to the press:

People’s Water Forum Declaration 2009

After Mexico City 2006, which was an important milestone of the continuous work of the global movement for water justice, we have now gathered in Istanbul to mobilise against the 5th World Water Forum. We are here to delegitimise this false, corporate-driven World Water Forum and to give voice to the positive agenda of the global water justice movements!

Given that we are in Turkey, we cannot ignore that this country provides a powerful example of the devastating impacts of destructive water-management policies. The Turkish government has pushed for the privatisation of both water services and watersheds and has plans to dam every river in the country. Four specific cases of destructive and risky dams in Turkey include the Ilisu, Yusufeli, Munzur and

Yortanli Dams. For ten years, affected people have intensively opposed these projects, in particular the Ilisu Dam, which is part of a larger irrigation and energy production project known as the South-East Anatolia Projects or GAP. The Ilisu Dam, one of the most criticised dam projects worldwide, is particularly complex and troubling because of its implications on international policy in the Middle East. The dam is situated in the Kurdish-settled region where there are ongoing human rights violations related to the unsolved Kurdish question. The Turkish government is using GAP to negatively impact the livelihood of the Kurdish people and to suppress their cultural and political rights.

We, as a movement, are here to offer solutions to the water crisis, and to demand that the UN General Assembly organise the next global forum on water. The participation of important United Nations officials and representatives in our meeting is evidence that something has changed. There is a tangible and symbolic shift of legitimacy: from the official forum organised by private interests and by the World Water Council to the People's Water Forum, organised by global civil society, including farmers, indigenous peoples, activists, social movements, trade unions, non-governmental organisations and networks that are struggling throughout the world in the defence of water and territory and for the commons.

We call on the United Nations and its member states to accept its obligation, as the legitimate global convener of multilateral forums, and to formally commit to hosting a forum on water that is linked to state obligations and accountable to the global community.

We call upon all organisations and governments at this 5th World Water Forum to commit to making it the last corporate-controlled water forum. The world needs the launch of a legitimate, accountable, transparent, democratic forum on water, emerging from within the UN processes supported by its member states.

Confirming once again the illegitimacy of the World Water Forum, we denounce the Ministerial Statement because it does not recognise water as a universal human right nor exclude it from global trade agreements. In addition, the draft resolution ignores the failure of privatisation to guarantee the access to water for all, and does not

take into account those positive recommendations proposed by the insufficient European Parliamentary Resolution. Finally, the statement promotes the use of water to produce energy from hydroelectric dams and the increased production of fuel from crops, both of which lead to further inequity and injustice.

We reaffirm and strengthen all the principles and commitments expressed in the 2006 Mexico City Declaration: we uphold water as the basic element of all life on the planet, as a fundamental and inalienable human right; we insist that solidarity between present and future generations should be guaranteed; we reject all forms of privatisation and declare that the management and control of water must be public, social, cooperative, participatory, equitable, and not for-profit; we call for the democratic and sustainable management of ecosystems and preserving the integrity of the water cycle through the protection and proper management of watersheds and the environment.

We oppose the dominant economic and financial model that prescribes the privatisation, commercialisation and corporatisation of public water and sanitation services. We will counter this type of destructive and non-participatory public sector reform, having seen the outcomes for poor people as a result of rigid cost-recovery practices and the use of pre-paid meters.

Since 2006, in Mexico, the global water justice movement has continued to challenge corporate control of water for profit. Some of our achievements include: reclaiming public utilities that had been privatised; fostering and implementing public-public partnerships; forcing the bottled-water industry into a loss of revenue; and coming together in collective simultaneous activities during Blue October and the Global Action Week. We celebrate our achievements highlighted by the recognition of the human right to water in several constitutions and laws.

At the same time, we need to address the economic and ecological crises. We will not pay for your crisis! We will not rescue this flawed and unsustainable model, which has transformed unaccountable private spending into enormous public debt, which has transformed

water and the commons into merchandise, which has transformed the whole of Nature into a preserve of raw materials and into an open-air dump.

The basic interdependence between water and climate change is recognised by the scientific community and is underlined also by the Intergovernmental Panel on Climate Change. Therefore, we must not accept responses to climate chaos in the energy sector that follow the same logic that caused the crisis in the first place. This is a logic that jeopardises the quantity and quality of water and of life that is based on dams, nuclear power plants and agro-fuel plantations. In December 2009, we will bring our concerns and proposals to the United Nations Climate Change Conference in Copenhagen. Further, the dominant model of intensive industrial agriculture contaminates and destroys water resources, impoverishes agricultural soils and devastates food sovereignty. This has an enormous impact on lives and public health. From the fruitful experience of the Belem World Social Forum, we are committed to strengthening the strategic alliance between water movements and those for land, food and climate.

We also commit to continue building networks and new social alliances, and to involve both local authorities and parliamentarians who are determined to defend water as a common good and to reaffirm the right to fresh water for all human beings and Nature. We are also encouraging all public water utilities to get together, establishing national associations and regional networks.

We celebrate our achievements and we look forward to our continued collaboration across countries and continents!

www.peopleswaterforum.org (English and other languages)

www.alternatifsuforumu.org (English/Turkish)

4.2 The Philippines – Manila and the Fight for Water

In *Manila*, the capital of the Philippines with a population of 12 million, the city's water supply was privatised after authorities there were forced to do so by the World Bank. Two syndicates were awarded the contract: the Manila Water Company, whose shareholders include the U.S. Bechtel Corporation, the car manufacturer Mitsubishi and the Ayala industrialist family, received the eastern section of the city. Concessions for the western section were granted to Manyland Water Services, an enterprise belonging to the French group Suez and the Lopez industrialist family. Once more, the World Bank was able to sing its own praises in celebration of this seemingly successful water privatisation deal. But problems were not long in coming. Water prices rose astronomically, the rate of water leakage increased dramatically and millions of people still found themselves without access to water.

In November 2003, a cholera epidemic broke out in Manila, caused by E.coli bacteria spread via drinking water. The two multinationals Suez and Bechtel were largely responsible for the quality of the water supply in the megametropolis. In the end, the supervisory body Metropolitan Waterworks and Sewerage Systems (MWSS) took legal action and the case came before the arbitration board of the International Chamber of Commerce, which ruled in favour of the MWSS on most accounts. This led Suez to terminate the contract, a move that was garnished with claims for damages to the tune of US\$300 million on account of alleged breaches of contract. Manila is not the only known case of a company pulling out of the water business in this way.

In spite of all the dreadful things which have happened in Manila, people there have an amusing story to tell: it was not only the very poor who illegally removed water from the pipes to cover their needs. A “colleague” from the water-grabbing branch was also found guilty of illegal extraction, namely Coca Cola...

4.3 The U.S. Giant Bechtel in Cochabamba and Iraq

Bechtel hit the headlines in another case: after the company had taken over the water supply in *Cochabamba* (Bolivia) and raised prices to an exorbitant level, mass protests and revolts broke out. The government placed the region under military rule and allowed soldiers to shoot at protestors, which left several people dead. Bechtel employees “fled” and the privatisation contract had to be terminated. That was in 2000. Less well-known is the fact that Bechtel went before the WTO dispute settlement body, pressing for \$25 million in compensation for lost profits, but ended up abandoning its claims, presumably to avoid negative publicity.

Similar events took place in two other Bolivian cities, *El Alto* and *La Paz*. Since taking over the water supply in 1997, the Aguas del Illimani Group, under the leadership of the French Suez Group – now known as GDF Suez, after merging with Gas de France – had neglected maintenance and raised charges, especially for new connections. From the end of 2004 onwards, neighbourhood committees and citizens in their thousands blocked the access roads to El Alto in protest. Because of this massive outcry, President Carlos Mesa saw himself compelled to end the contract with the international water giant. But he, too, became a victim of these clashes and new elections were called. Evo Morales became the first indigenous president Bolivia had ever had. The water issue was so important to him that he chose Abel Mamani, one of the co-organisers of the protests against Suez, to fill the newly-created post of “Minister of Water”. (see: chapter on Bolivia)

Time and time again, Bechtel has understood how to get itself into the limelight, just as it did at the end of the war in *Iraq*. George Schultz, former U.S. undersecretary under Ronald Reagan and president of the Bechtel Group, was chairman of the “Pro War Committee” for the “liberation” of Iraq and co-financer of the Bush election campaign. Today, he is a senior consultant on the company’s supervisory board. Only shortly after the “ending of the Iraq war”, the United States – who, in the name of “peace”, had thrown the whole country into chaos in the first place – announced that, within the framework of the

“Reconstruction Programme”, an initial contract to the tune of more than \$680 million had been signed with – guess who! – the Bechtel Group. This puts the company in an excellent starting position, considering how the cost of the entire reconstruction programme is estimated to be in the region of \$100 billion.

“Reconstruction” by U.S. companies in Iraq not only involves the nation’s oil production but also its water supplies and foodstuffs. In May 2003, Paul Bremer, former associate of Henry Kissinger, was appointed administrator of the CPA (Coalition Provisional Authority) in Iraq. In April 2004, Bremer enacted one hundred new laws, among them “Order 81”, under which Iraqi farmers are forced to buy and cultivate varieties of plants patented by large corporations – for a period of twenty years. The patenting of plants was prohibited during the Saddam Hussein era.

The people of Iraq have been farming since around 8000 B.C. Throughout the ages, they have succeeded in developing many types of wheat and cultivating hybrid varieties which, by nature, are extremely resistant. The Iraqis safeguarded this cultural heritage in a national seed bank in Abu Ghraib, until it “disappeared” during the U.S. occupation. Those articles in “Order 81” which apply to seed, were drawn up by Monsanto, the world’s leading supplier of genetically-engineered seed and grain.

4.4 **Brazil – The Transposition of the Rio São Francisco**

One example of river-linking comes from *Brazil*. President Luiz Inácio Lula da Silva is currently trying his hand at the art of landscape gardening and has an ambitious (i.e. megalomaniac) project in mind, one which Emperor Pedro II tried in vain to accomplish in 1850: he wants to divert one of Brazil’s biggest rivers, the Rio São Francisco, which is over 2,700km long, into two canals which will then transport the water hundreds of kilometres to seven states in the North-East of the country (Piauí, Ceará, Rio Grande do Norte, Paraíba, Sergipe, Alagoas and Pernambuco). Construction work will supposedly devour around

€1.3 billion, but critics have calculated that it will cost more than €5 billion, with additional annual operating costs of up to €30 million. The project involves the construction of two canals, 400km and 220km long, which will be able to transport 26.3 m³/s of water from the São Francisco River to other smaller rivers in the North-East. In order to overcome major obstacles in altitude, both the northern and eastern canal will be engineered to pump water up some 165m and 364m respectively. In total, the scheme consists of nine pumping stations, 27 aqueducts, eight tunnels and 35 water reservoirs as well as two hydroelectric plants.

“The Rio São Francisco is the father and mother of the indigenous nation and river-dwelling people.”

Neguinho Truká, Indian Tribal Chief

“The greatest treasure we have here is the Rio São Francisco. We will not give it away for anything in the world, right? There is nothing that could buy this heritage from us.”

Raimundo Xokó Shaman, Tribal Chief

There has been widespread opposition to this megaproject not only by people in the North-East region but also by Brazil’s mass social movements. The Landless Workers’ Movement (MST), the Movement of Dam-Affected People (MAB), the Movement of Small Farmers (MPA), the Pastoral Land Commission (CPT), the Pastoral Fishers’ Commission (CPP) and many other social movements have formed a unique alliance with fishing communities and indigenous peoples

to halt the construction of the canals through non-violent campaigns. Representatives of peasant and indigenous peoples believe that the water will be diverted to supply agribusinesses and not for the domestic supply of rural families, as the government initially promised. Plans are already afoot for major expansion in sugar cane cultivation for the export of ethanol. Protestors question the environmental impacts of this project, which they argue have not been fully thought through. As an alternative to this policy, grassroots organisations like the Land Pastoral Commission and Semi-Arid Network are calling for the implementation of more sustainable water policies, such as the pre-molded cisterns developed locally by rural families. According to them, there are 140 agroecological water and soil management methods that could efficiently support the food sovereignty and water security of families in the drought-prone semi-arid region. The rerouting project will be a waste of resources as it will consume energy to overcome topographic challenges and create new environmental problems. In the end, very few families will actually benefit from the project.

The water rights of rural families in North-East Brazil have been neglected and exploited throughout the years. Governments have frequently promised to address the water needs of these families by constructing megaprojects, all of which have failed. In the past, the federal government supported the construction of large dams that resulted in the access to water being concentrated in the hands of a few – i.e. corporations and big landowners – while precious forest reserves and farmland were flooded in the process. Brazilian peoples' movements fear that the rerouting project is just one more megasolution that will drown rural families' dreams of access to fresh water.

Towards the end of 2005, Bishop Frei Luiz Flávio Cappio, a well-known figure in the resistance movement, went on hunger strike to protest against the diversion of the Rio São Francisco. In a letter to President Lula, the bishop wrote that he would give his life for the river if Lula did not put a stop to these plans. After the president had agreed to halt the project and hold full talks with those who would be affected, the bishop ended his hunger strike. On February 10, 2006, when the agreed talks had still not taken place, the bishop and several

other activists wrote to Lula once again, pleading the river's cause. In June 2007, President Lula gave the project the green light after ignoring all protests.

He promptly expropriated part of the traditional territory of the Truka, an indigenous people, and the army set about clearing the river banks and cutting down the Caatinga Forest in preparation for the start of construction work, i.e. the digging of a riverbed. In Cabrobó, hundreds of people formed an alliance and have been campaigning peacefully against the project since July 2007. In October 2007, Bishop Frei Luiz Flávio Cappio wrote to President Lula demanding that he meet his commitments:

*Barra, BA, October 4, 2007
The Feast Day of Saint Francis*

*Mr. President,
Peace and Health!*

On October 6, 2005, in Cabrobó (Pernambuco), we agreed to suspend the São Francisco River Diversion Project and begin a comprehensive dialogue process between the government and Brazilian civil society, in order to seek alternatives for sustainable development for the whole of the semi-arid region. As a result of our agreement, in which I had faith, I interrupted my fasting.

Two years have gone by and, during this period of time, the dialogue process did begin, but was then suddenly suspended.

There are concrete counterproposals as to how the water supply for the entire population of the semi-arid region can be guaranteed. They are the projects specified in the Atlas of the North-East, published by the National Water Agency (ANA), as well as the measures developed by the Non-Governmental Organisations (NGOs) network of the semi-arid region (ASA).

On February 22, 2007, I submitted a document to the Palácio do Planalto (location of the Commander-in-Chief of the Brazilian Executive Government). The document requested the reopening and continuation of the dialogue process – in all truthfulness and with

transparency and public participation. Your reaction was to order the Brazilian army to commence work on preparations for the river diversion project.

Mr. President, you did not keep your word. You did not abide by our agreement. You betrayed me and all of Brazilian society.

A nation can only be built by serious people, beginning with its leaders. Dignity and honour are indispensable premises for citizenship.

Therefore, I am going to take up my fasting and my prayers again. And I will only stop it when the army withdraws from the construction site of the diversion project at the north and the east canals and with the abandonment of the São Francisco River Diversion Project. There is no other alternative.

I believe that the forces which have interests in the project will use all means in order to demoralise the resistance and to confuse public opinion. But when Jesus decided to sacrifice His life, He had no fear of the crucifix. He accepted crucifixion because it was the price that had to be paid.

The life of the river and its people, or the death of a Brazilian citizen...

When reason becomes extinct, insanity is the only way forward.

The God of Life is the guarantee of plenary life.

“Brazil is a land of greatness. Will it also have governors of equal grandeur?” (Bourdoukan Georges in “Capitão Mouró”)

*Dom Frei Luiz Flávio Cappio, OFM
Bishop of the Diocese of Barra*

In December 2007, the Canadian activist and Director of the Polaris Institute, Tony Clarke, wrote to the Brazilian ambassador to Canada:

*His Excellency Valdemar Carneiro Leão
Ambassador of Brazil to Canada
450, Wilbrod Street
Ottawa, Ontario K1N 6M8
December 17, 2007*

Dear Mr. Ambassador,

I am writing on behalf of the Polaris Institute in Canada to express grave concerns about the decision of your government to proceed with the construction of the gigantic water-diversion project on the São Francisco River, known as the Transposição do Rio São Francisco, in North-East Brazil.

As part of the worldwide water justice movement, the Polaris Institute has been made well aware of this massive construction project to divert water from the São Francisco River. I personally received a full briefing on the issue when I participated as a resource person in a special session on global water policy concerns prior to the World Council of Churches Assembly held in Porto Alegre, February 14-23, 2006. On that occasion, the magnitude of the Transposição do Rio São Francisco was vividly portrayed along with the social and ecological consequences. Ever since, Polaris has been monitoring the issue with our partner groups in Brazil, including the recent escalation of events.

As we understand it, the São Francisco river-diversion project includes the construction of two canals, 400km and 220 km long, which are supposed to transport 26.3 m³/s of water from the São Francisco River to other smaller rivers in the North-East. In order to overcome major obstacles in altitude, both the northern and eastern canals will be engineered to pump water up some 165m and 364m respectively. In total, the project includes nine pumping stations, 27 aqueducts, eight tunnels and 35 water reservoirs as well as two hydroelectric plants.

Accordingly, 70% of the water will be destined for the irrigation of agribusiness enterprises, 26% for urban and industrial use (mainly by the city of Fortaleza) and the remaining 4% for the rural population. In order to meet Europe's rapidly growing demands for bio fuels, especially sugar cane ethanol, agricultural lands will be opened up

and irrigated for sugar cane plantations on a massive scale for export. The main beneficiaries will no doubt be agribusiness enterprises, primarily the huge sugar cane plantations, plus fruit and shrimp farming.

By all accounts, the São Francisco River diversion is an extremely costly enterprise. According to the Program for Acceleration of Economic growth (PAC), the project will consume half of all public investment in water infrastructure. As we understand, over the next four years, investments of 6.6 billion reais (€2.4 billion or US\$3.4 billion) are earmarked for the project while its yearly operational expenses are estimated to be 93.8 million reais (€34.1 million or US\$48.6 million).

As taxpayers, Brazilian citizens will be expected to pay for the lion's share of this megaproject primarily designed to provide bio fuels for export to Europe. Water costs, in turn, are projected to increase five-fold in the region. Meanwhile, even international financial institutions like the World Bank are highly dubious about the plan. Indeed, one World Bank study argues against granting a loan for the project because there is insufficient evidence that it will contribute to real poverty reduction in the region let alone the country.

In fact, it is the people who depend most on the São Francisco River for their livelihood – the poor local communities along the river, the fisherfolk, the Indigenous peoples and the small farmers – that will pay the heaviest costs. Although this semi-arid region faces water shortages, the main problem is not the lack of water but the inequitable distribution of water. Indeed, studies show there are much less expensive and more effective alternatives to the diversion project. According to a recent study by the National Water Agency, for example, the water supply problem faced by populations of the North-East region could be resolved through 530 decentralized projects in 1,112 municipalities, at half the cost of the diversion project.

Instead of overcoming the drought conditions of North-East Brazil by democratizing the renewable water resources of the São Francisco River, this megaproject is destined to concentrate the control of water in the hands of economic elites, notably agribusiness. Moreover,

climate change experts point out that the Brazilian government's decision to proceed with this megaproject ignores the impacts of global warming. Various independent studies by scientists show that the water flows of the São Francisco River will decrease by 20 per cent due to global warming impacts in the North-East region.

As you know, there has been widespread opposition to this megaproject not only by people in the North-East region, but also by Brazil's mass social movements. The Landless Workers' Movement (MST), Movement of Dam-Affected People (MAB), Movement of Small Farmers (MPA), the Pastoral Land Commission (CPT), the Pastoral Fishers' Commission (CPP) and many other social movements have formed a unique alliance with fishing communities and indigenous people to halt the beginning of dam and canal construction through non-violent actions.

Recently, this resistance has been personified and galvanized by the hunger strike of the Catholic bishop in the region, Dom Luiz Cappio. Two years ago, Dom Cappio agreed to forego his initial fast in protest against the São Francisco megaproject when the Brazilian government promised to halt construction and begin a dialogue with the affected communities and social movements. However, when the government abandoned its commitment to dialogue and sent in the military to begin the construction of dams and canals, Dom Cappio resumed his hunger strike on November 27.

Your Excellency, the Polaris Institute joins with Dom Cappio and the mass social movements of Brazil in drawing public attention, here in Canada and elsewhere in the world, to the potentially disastrous consequences of the massive water diversion of the São Francisco River project. We also join in calling for a halt to this megaproject and urge that the much more viable alternatives proposed for water distribution in the region be pursued. We respectfully request that you convey our concerns to President Lula and the appropriate ministries in the government of Brazil.

*Yours sincerely, Dr. Tony Clarke
President and Director Polaris Institute*

At the present moment in time, i.e. autumn 2009, construction work continues despite protests in Brazil itself and throughout the world. Support is therefore urgently needed if this megaproject is to be halted.

www.saofranciscovivo.com.br (English/Portuguese)

This is not just about river diversions in Brazil, however. Another contentious issue is the *Acuífero Guaraní*, a subterranean reservoir situated at a depth of about 9,000 metres, with a volume of around 55,000 km³, making it one of the largest fresh water deposits in the world. Since 2001, the World Bank has been sponsoring “research” into this aquifer, which leads to the assumption that international consortiums – and the USA in particular – are extremely interested in these gigantic water deposits.

In this context, we should also be keeping a very critical eye on the activities of *Berlinwasser International AG*, a union of the giants *Veolia* and *RWE* and the state of Berlin, which has formed a “working relationship” with *COPASA* (*Companhia de Saneamento de Minas Gerais*), the water supplier of the state of *Minas Gerais*, in order to develop further joint enterprises there.

An Indian from the
Tumbalalá tribe on the banks
of the Rio São Francisco
near Curaçá



The Rio São Francisco
near Morpará



Soldiers stand guard as
preliminary construction work
is carried out in preparation for
the transposition of the Rio São
Francisco (2007)



Security zones guarded
by the military (2007)
(photos courtesy of: João Zinclar,
Nectas/CPP)





Excavators dig out a
new river bed (2007)



As construction work continues,
policemen stand ready for action should
the need arise



Construction machinery and
equipment under military protection



The aftermath of deforestation



Protestors in Brasilia
in March 2007



Protestors occupying the construction site in
Cabrobó, Pernambuco in June 2007
(photos courtesy of: João Zinclar, Nectas CPP)





Protests in Sobradinho in
December 2007 (photos courtesy
of: João Zinclar, Nectas/CPP)

4.5 **Turkey – Opposition to the Ilisu Dam Project**

The Tigris and the Euphrates both rise in *Turkey*. On the banks of these rivers, some of the greatest ancient cultures evolved, such as the Assyrian, Sumerian and Babylonian empires. The wide river delta brought forth lush vegetation and may have been the inspiration for the Israelites' description of the Garden of Eden.

Mesopotamia is now being threatened by a water shortage resulting from a construction scheme to build a huge dam in the South-East of Turkey, on the country's border with Syria and Iraq.⁵ Already half finished, it is one of the world's largest irrigation and hydroelectric power projects, covering an area of 75,000 square kilometres and including 22 dams, 19 hydroelectric power stations and dozens of irrigation plants.

The Turkish government, by carrying out further construction, is pursuing several goals simultaneously. The nation's agriculture is to be transformed into an export-orientated industry, with the country becoming one of the world's largest exporters of cotton. A more decisive factor, however, is the project's strategic significance. When completed – especially with the construction of the hotly disputed Ilisu Dam – Turkey will be able to “cut off” water supplies to its downstream neighbours, Syria and Iraq. According to a UN convention, Turkey is obligated to consult with succession states on the matter, a fact which this country has chosen to ignore completely.

In this context, it is worthwhile taking a look at the enterprises involved in the project. After protests in the year 2002, companies from Sweden, Great Britain, Switzerland, Germany, Japan, Austria and Portugal initially started to pull out. Since 2005, new contracts have been signed with names such as Alstom, Colenco, Stucki, Maggia, Züblin and above all, VA Tech Hydro from Austria, a company which Siemens took over in 2005 but later had to dispose of again under competition law. VA Tech Hydro was then bought by Andritz AG, based in Graz.

Andritz AG is not, as one might assume, a traditional Austrian business enterprise. Since 1999, it has been part of the U.S. investment company Carlyle, which is active first and foremost in the oil and weapons industry, functioning as a nerve centre for the U.S. government, military and industry. On the board at Carlyle we find George Bush senior, Frank Carlucci, former U.S. defence secretary and deputy director of the CIA, James Baker, former U.S. secretary of state and finance secretary, as well as other famous names, revealing just how far-reaching these complex personnel and military-strategic interconnections are.

The sociocultural damage which the Ilisu Dam alone would cause is immense. In the region there are more than 200 excavation sites, where important archaeological finds have been made, including the village of Hasankeyf, which has been under UNESCO cultural heritage protection since 1978. If the dam were to be completed, Hasankeyf would be submerged. More than 55,000 people would have to be moved out of their homes, but experience has shown that resettlement promises made in connection with such projects are not usually kept. The completion of the scheme will probably depend on German government export credit guarantees (Hermesbürgschaften), as well as on support from Switzerland (ERG) and Austrian export insurance – prerequisites for further bank loans.

In March 2007, the governments of Germany, Austria and Switzerland finally agreed to grant credit guarantees for the project, providing that the Turkish government fulfilled certain preconditions. In summer 2009, when it became apparent that these conditions were not going to be met, something truly amazing happened. My friend Ercan Ayboga from the initiative “Stop Ilisu – Save Hasankeyf” wrote to me on August 15, informing me of these new developments: On July 7, the German, Austrian and Swiss governments withdrew their loan guarantees for the Ilisu dam and hydroelectric scheme on the River Tigris, thus stopping the project for the time being, since the European companies involved will not go ahead with construction without these collateral securities for their borrowing. Two days later, the three participating European banks – the German Dekabank, the Austrian Bank Austria and the French Société Générale – announced that they were pulling out of the project, too. Let there be no misunderstanding here: the three European governments did not feel obliged to retract their loan guarantees on humanitarian grounds or for any other philanthropic reasons, but simply because of the tremendous pressure exerted on them. This withdrawal and the temporary halting of the Ilisu project are the result of increased opposition among the affected people in Turkish Kurdistan, resistance which has been growing for years, as well as the other anti-Ilisu campaigns taking place in Turkey and Europe.

In the official statement made by the three export loan agencies (ECAs) working for their respective governments, the explanation given was that Turkey “had failed to fulfil to a satisfactory degree those preconditions laid down in the contract with regards to the environment, cultural heritage and resettlement plans and therefore the basis for a continuation of the project with state credit guarantees no longer existed”. No doubt the preconditions, to which the opponents of the Ilisu Dam had quite rightly paid very close attention, did actually play an important role in the whole affair. But the ongoing and escalating protests, together with the critical attitude taken by the international community, were the decisive factors which led to the pull-out – unique in the history of European credit insurance, by the way!

Cooperating closely with one another in a well-organised manner, the initiative “Stop Ilisu – Save Hasankeyf”, which represented the affected citizens of the region, and the European Anti-Ilisu Campaign – made up of numerous European environmental and human rights organisations – succeeded in mobilising the population. They were thus able to carry out one new protest campaign after the other. In June 2009, the Iraqi government demanded that the European governments retract their credit insurance for the Ilisu project because of the ongoing dispute between Turkey and its downstream neighbours Iraq and Syria about the use of the River Euphrates, which at the time was carrying relatively little water due to lack of rainfall. The financial crisis also influenced the European decision to withdraw and the question now being asked, of course, is: Where will things go from here?

The Turkish government insists that it fully intends to complete the project in any case. For the moment, however, Turkish activists and those citizens directly affected by the dam feel that their protest efforts against Ilisu and other destructive dams have been strengthened by the European withdrawals. They are gradually losing their fear of repression and now organise and carry out their campaigns in a more direct way – in the knowledge that the outcome of their protests and the decisions subsequently taken by the government will decide the fate of numerous other projects which, if realised, would have a disastrous effect not only on the environment and the lives of countless people,

but also on the country's cultural heritage. Opponents are now focusing their attention on Turkey itself for the time being – on condition that the European companies do actually withdraw from the project. Should these companies stay, however, they will have great difficulties finding a European banking partner now that the Swiss UBS and the Zurich Kantonalbank have also removed their support. Whether or not they will receive loans from Turkish banks is uncertain, since the idea of Turkish government credit guarantees – should such a thing even be legally possible – is not a particularly attractive one. In the midst of the current financial and economic crisis, it will prove extremely difficult indeed to find creditors for such controversial projects. If – contrary to expectations – the companies are granted loans, interest rates will be high and western governments will have to provide collateral security, something which is no longer feasible.

For years now, Turkish authorities have been referring to “interested Chinese and Indian companies” as a means of exerting pressure on European governments and the general public. So far, however, no such negotiations have actually taken place, but were they to get off the ground, they would probably take a long time to complete and trigger off even more public protests by the Kurdish population in Turkey. Chinese companies are infamous for their particularly low standards when they construct large infrastructure projects. For strategic reasons, Turkey would be advised to think very carefully before calling in Chinese firms since neither the USA nor the EU would be very “happy” about this move. Moreover, Turkish building contractors are already intertwined with western companies in the water business sector. It is also highly unlikely that North American companies would risk getting involved in such a project after the withdrawal of their European counterparts.

Other conceivable scenarios are: expropriation measures would continue throughout the whole of the affected area and Turkish firms would begin by constructing as much of the infrastructure as they possibly could. Then, step by step, tenders would be invited for the more demanding components in an attempt to complete the project. European companies who got involved at this point would still require



The proposed site of the Ilisu Dam and the town of Hasankeyf
(photo: Wikimedia Commons)

credit insurance, even though the amount of borrowing itself would be comparatively low as a result of these salami tactics.

Or perhaps all planned seizures would be carried out and several monuments in Hasankeyf safely removed to other sites. The current Ilisu consortium would then be able to apply for new loan guarantees and the European governments would have to drop their preconditions with regard to resettlement and cultural heritage sites, thus substantially lowering the obstacles. No matter how the Turkish government actually decides to go ahead, resistance will continue to grow within Turkey itself as well as in Turkish Kurdistan. We hope to build up sufficient opposition to the Ilisu Dam to prevent the project going through under any circumstances whatsoever. In order to achieve this goal, it is crucial to intensify demands that Hasankeyf and the Tigris Valley be added to the list of UNESCO's world heritage sites. This would encourage further sections of society to mobilise and also create an important new perspective for the future development of the entire region. People who live in the affected area must be more thoroughly informed about their rights and thus better equipped to oppose the government's resettlement plans because, if this section of the population was to become increasingly and actively involved, even more comrades-in-arms would be summoned onto the battlefield. A coalition must also be formed with other Turkish movements critical of large dam construction schemes. For over a year now, these movements have been cooperating more closely with one another and the time is right for such an alliance to win over the general public and the civil

organisations to its cause, so that pressure can be put on the Turkish government to implement new water policies. Meanwhile, as dam projects such as Ilisu, Yusufeli, Allianoi and Munzur grind to a halt, countless other new dams and hydroelectric schemes are being planned throughout the whole of the country. In addition to local and regional protests, we now need a strong campaign at national and international level.

www.hasankeyfgirisimi.com (Turkish)

www.stopilisu.com (English/German/French)

Worldwide, there are more than 40,000 large dams with reservoirs more than 15 metres deep. The terrible ecological, cultural and social effects produced by these dams are only too well-known.

Turkey looks set to become even harder-pressed still: the government intends to privatise the country's rivers in order to bring the money rolling in. Hilmi Güler, the Minister for Energy and Natural Resources, announced the proposed sale of 12 or 13 rivers and lakes to private companies for a period of 49 years, a move which would enrich the government by over \$3 million. These rivers include the Euphrates and the Tigris, both of which are vital to neighbouring Iraq's water supply. Because these private companies would also be responsible for providing drinking water and water for irrigation, the river would be branched off even more than it has been up to now. The Turkish government will probably brush aside any questions as to whether or not the privatisation of rivers and lakes is actually legal under national law – like it has ignored its obligation to consult with neighbouring states downstream, as stipulated by international treaties.

4.6 India – The Narmada Dam Project and Coca Cola

In *India* too, thousands of people are struggling to prevent the completion of megalomaniac dam projects. One of the oldest and most controversial of these is the Narmada Project, belonging to one of the world's largest water-related construction schemes. Thirty large dams, 135 medium-sized dams and over 3,000 small weirs are to be built on the Narmada, one of India's sacred rivers. Numerous religious shrines, including Maheshwar in Madhya Pradesh, stand on its banks. It is a sign of exceptional devoutness to undertake the pilgrimage from the source of the river to its delta and back again, a journey which can take up to two years to complete. In spite of massive public protests, six large dams have already been erected. Five more are under construction. The centrepiece of the project is the Sardar-Sarovar Dam – a particularly contentious issue. At present, activists from the Narmada Bachao Andolan Movement (NBA) are fighting to prevent the completion of this huge dam, which would result in 245 villages and almost 40,000 hectares of land being inundated and around 200,000 people being driven out of their homes.

Construction of the dam got underway as early as 1987. After continuing protests in 1999, the Supreme Court halted the project temporarily, but building has been allowed to continue since October 2000. Arundhati Roy, India's famous author and meanwhile an icon of the non-violent resistance movement, and Medha Patkar, recipient of the Alternative Nobel Prize are now using their worldwide popularity to draw attention to the devastating social and environmental consequences of the Narmada Dam Project. The scheme is funded mainly by European banks, including the Deutsche Bank, which can well afford to be callous about the suffering of thousands of displaced people – as it most certainly is.

Equally desperate struggles are currently taking place outside the government buildings in the state capital Bhopal, where more than 12,000 people, most of them native Adivasis, are protesting against the flooding of the already completed Omkareshwar Dam and against their own expulsion from the area. The outcry is primarily directed against

the architect of the scheme, Voith-Siemens Hydro Power Generation, one of the most powerful players in this field. At the Siemens website, however, we find the same kind of philanthropic mush frequently served up by the big companies: “*We take responsibility for the community at large – and are actively involved in creating a better world. Our ideas, technology and deeds are of service to humanity, society and the environment. The way we treat our employees, business partners and shareholders is governed by our integrity.*”

India has also been the scene of further water-related clashes. In 2000, Coca Cola started operating a factory for the bottling of table water and the production of beverages in Plachimada, in the state of Kerala. After only one year, ground water levels in the vicinity began to fall so drastically that the wells silted up and the native population began to protest. The local government, the Panchayat, decided not to extend Coca Cola’s franchise on account of this. In April 2005, Kerala’s Supreme Court declared this decision null and void, saying that Coca Cola’s practice was quite legal. The ruling was based on a “specialist report” concerning the ground water situation. It later emerged that one member of the specialist panel was a representative for Coca Cola.

www.narmada.org (English)

www.indiaresource.org (English)

4.7 Colombia – The Conflict with Coca Cola

In *Colombia*, this very same soft drinks company is having to face fierce criticism: Sinaltrainal, the food industry’s trade union, is accusing Coca Cola of being involved in the murder of eight union members and suspects this company and several others of being too closely linked to the paramilitary.

In December 2001, Sinaltrainal’s president, Luis Javier Correa Suárez, commented on several incidents in an interview: “*The first*

murder was committed in 1986 in a firm belonging to Nestlé, which pursues a similar works policy to that of Panamco (Coca Cola). Since then, 14 trade unionists have been murdered, seven of them at Panamco alone. Three were killed during the negotiations for new wage settlements. On November 28, 1996, for example, the union had to take part in compulsory negotiations at the bottling plant in Carepa, aimed at reaching a new wage settlement. Talks had to be completed by December 5 at the very latest. The only answer we got from Panamco on this day was the murder of one of our union members, who was shot dead at the entrance gate. A few hours later, that same afternoon, all employees were forced to assemble and officially leave the union without delay. On December 12, one week after the killing in Carepa, we informed Panamco, the U.S. Embassy and the Colombian president of these events. But we got no reaction whatsoever.”

The protests and campaigns triggered by these murders have meanwhile reached other countries. In the United States, ten universities have stopped the sale of Coca Cola beverages and in Europe, too, opposition is mounting, for example in Italy, where Coca Cola was one of the main sponsors of the Winter Olympics. In order to polish up its image, the company sponsored the 2006 World Cup in Germany and in 2007, in response to international calls for a boycott of its products, it decided to finance WWF water projects – another of the typical whitewash campaigns.

Despite Coca Cola’s involvement in these serious incidents, there are some entertaining anecdotes: in March 2004, the world’s largest beverage producer was planning to stir up the British market by introducing a new brand of “very high-quality” mineral water by the name of Dasani. It cost over €10 million to launch the product on the market and dollar signs were already lighting up the eyes of the Coca Cola people, when it was revealed that the “mineral water” came from a tap in the London suburb of Sidcup. Dasani “mineral water” was to cost €2.80 per litre. Straight from the tap, the same water cost 0.076 cents per litre.

4.8 Indonesia – Water Suppliers Danone and RWE

The topic of bottled water has many other aspects, however, as the example of *Indonesia* demonstrates. In Klaten, a small town near Solo in Central Java, the French multi-utility company Danone (Aqua Danone PT Tirta Investama) produces its bottled water. Danone only had to buy a small plot of land in order to access the underground water resources. In 2001, the company built a factory with high walls and fences, guarded by soldiers. Since early 2002, water has been filled into large bottles, each holding around 19 litres, which are then driven away to be sold.

In 2004, while taking part in a globalisation conference in Solo, I visited Klaten to see the Danone plant for myself. Together with Indonesian environmentalist Nila Andheri and other friends, I had discovered a place from where it was possible to look over the factory wall. In the yard, bottles of water were being loaded onto three-axled trucks. Every 10 minutes, one of these trucks left the grounds. The entrance to the plant was guarded like a military installation. After several minutes, we were approached by a group of security guards who had noticed our presence. My companions informed me that it was time to clear off. In Indonesia, situations can sometimes become very unpleasant.

According to water activists from Solo, Danone extracts 64 litres of water per second at the plant, which would amount to around 2 billion litres a year. The company has a licence which is renewed every three years. Farmers in the surrounding area have increasingly been protesting because they can no longer irrigate their wet rice fields due to the drastic fall in ground water levels.

It seems absolutely ludicrous that, in an area where the population is suffering from extreme deprivation, people should have to use what little money they have to buy back their own water from Danone at an extortionate price. The local daily newspaper of May 12, 2005 reported on a heavy fine that Danone had eventually been ordered to pay for ignoring environmental guidelines. Considering the billions of dollars the affiliated group makes by selling the water, even a substantial fine

Poster by Colombian activists, alluding to the murder of trade union members and used as part of an international campaign against the Coca Cola Company (photo: Indymedia of February 9, 2006)



is nothing for it to worry about – it is business as usual.

As far as the privatisation of mains water is concerned, Indonesia is no different from other countries. In 1997, the former RWE subsidiary Thames Water and the French Suez Group took over the water supply and distribution system in Jakarta. It is obvious that large-scale corruption was involved, because the son of the then dictator Suharto was awarded shares in the newly-founded utility. Also responsible for the setting up of this deal were the World Bank and the British Department of International Development. After seemingly never-ending student protests, Suharto was forced to resign in May 1998.

Although the new government acknowledged that corruption had been behind these privatisation deals, it nevertheless entered into new contracts with Thames and Suez in 2001. The population is finding it hard to accept these contracts, which specify that, in the case of premature termination, all investments made by Thames Water and Suez will have to be paid back, as well as the profits agreed on for the entire contractual duration of 25 years.

It is not difficult to find other reasons for criticism. A large amount of mains water is being wasted as a result of leakage, water prices are constantly rising and investments in the infrastructure have not been made as promised. In theory, article 1365 of the civil law grants customers the right to demand compensation for services which have

not been delivered. In practice, however, this regulation is ineffective because authorities are unwilling to endorse it.

As things stand, the process of water privatisation will continue in Indonesia. In November 2004, the so-called Law No. 7 was brought into force. Drawn up under pressure from the World Bank, the law permits water privatisation at national level and even contains details about influencing the weather. Article 38 states that foreign investors can propose and, if necessary, implement a change in weather. What at first sounds like a big joke might possibly prove highly interesting for agriculture, for example, because clouds could be directed to wherever rain was needed.

Citizens' action groups and NGOs in Indonesia are fighting against privatisation projects, but are very understandably allowing themselves to be intimidated. Time and time again, there are reports of people going missing or civil rights campaigners being tortured. The most prominent victim in recent times was the human rights lawyer and recipient of the Alternative Nobel Prize, Munir Said Thalib, who was poisoned by a dose of arsenic on a flight from Jakarta to Amsterdam on September 7, 2004. The culprit, Polycarpus Priyanto, was a pilot with the state airline Garuda Indonesia and an employee of the national secret service at the same time. He was said to have acted "single-handedly" and sent to prison for 14 years. In October 2006, however, the verdict was repealed and the sentence commuted to a shorter term of only two years.

All the facts indicate that Priyanto received his orders from certain circles. Munir's work focused on investigating killings carried out by special army units belonging to the Suharto regime. The lawyer had also collaborated with Kontras, a commission representing missing people and victims of violence. Those close to former dictator Suharto might well be the very ones interested in preventing the past being unravelled and brought to light.

Munir's opponents acted in a heavy-handed way even before his murder. In 2001, a parcel bomb was sent to his parents' home; in 2002, a gang of thugs demolished his office; and in 2003, a parcel bomb exploded outside the family's front door. Friends and other human

rights activists have now brought the case before the UN Commission on Human Rights and are demanding that the country's president, Susilo Bambang Yudhoyono, undertake a thorough investigation into the murder and the men behind the scenes.⁶

4.9 Chile – Privatised Rivers and Giant Dams in Patagonia

The legacy of Augusto Pinochet's dictatorship (1973-1990) still weighs heavily on *Chile* to this day. Part of this legacy stems from the 1980s, when natural water resources were privatised. Various large energy companies own the rights to those Chilean rivers most abundant in water. Forerunner in this business is the energy consortium Endesa, which previously demonstrated its readiness to brutally push through its projects, with the help of military protection if need be. The parent company has its headquarters in Spain under the management of its major shareholder, the Italian energy giant Enel. In the past, Endesa España built two dams in the country, the Pangué Dam and the Ralco Dam, despite fierce opposition by the Mapuche people. Now two more dams have been planned for Patagonia, a region of the country where the last remnants of the Chilean primeval forest as well as the world's purest fresh water deposits are to be found. It is home to rare and endangered species, including the huemul deer, Chile's heraldic animal. The Spanish-Chilean consortium HidroAysén has been given the green light for these new dam projects and the situation now looks set to become increasingly explosive because people fear enormous environmental damage as a result and the very existence of the indigenous Mapuche communities is threatened. The consortium, however, accepts environmental damage and the expulsion of the native population as being part and parcel of the deal.

HidroAysén is a joint-venture project of Endesa and Colbún S.A. to build five hydroelectric power plants on the River Baker and River Pascua in the Aysén Region of Chile. If built, the total capacity of the plants would be 3,200 megawatts. The HidroAysén project is

based on water rights the company acquired during the military rule of Augusto Pinochet. Dams would first be built on the Baker and Pascua, but additional dams have been proposed for a number of other previously intact rivers in the area, including the Futaleufú. The hydroelectric power would be transported 2,400km north, via a high-tension transmission line with 5,000 transmission towers, at least 70m high, and a 120m-wide forest clearing for at least 1,600 km through a number of national parks and protected areas, in order to supply the Santiago area, where much of the power is used for heavy industry and mining. The cost of this project is estimated at US\$3.2 billion.

A massive seaport would be created on a fjord near the mouths of the Baker and Pascua Rivers to facilitate the construction activities, and new roads would be built. In addition to this, thousands of construction workers would be brought into the area to build the megaproject, resulting in pollution, crime, prostitution and housing problems for the region. The invasion of this “boom and bust” non-local construction economy is incompatible with the traditional way of life in the region.

About 50 local, national and international environmental organisations, such as the Council in Defence of Patagonia (Consejo de Defensa de la Patagonia/CDP), oppose the dams, claiming they would destroy the natural heritage of the area and lead to greatly increased electricity costs for Chilean consumers. The geography and natural seismic activity of the region also give rise to concern and attention has been drawn to the lack of project-related environmental studies.

Part of the campagne to save the rivers in Patagonia is the request by activists and those affected that people worldwide offer their support by writing letters to the chief executive of the Italian company Enel. The following text has been drafted as a suggestion of what to write:

Dear Mr. Conti,

Enel's international image is threatened by the growing environmental controversy about its affiliate Endesa Chile's plans to dam the Baker and Pascua Rivers in that country. These projects are being promoted by Endesa Chile's joint venture “HidroAysén”.

I am writing to express my personal concern about this. The dams would destroy thousands of acres of rare and endangered Chilean forests. The transmission lines would provide no benefits to local communities, but would require the extensive clearing of Chilean native forests. It would be one of the world's longest transmission lines to date, cutting a more than 2,450-km-long swath through national parks and wilderness reserves. All of this destruction would threaten aquatic, bird and mammal species already at risk, including an endangered Chilean deer, the huemul, of which less than 3,000 are still alive today.

I believe that Enel has a responsibility to prevent this environmental and social damage by using its influence with Endesa Chile to stop these plans and promote truly green energy. This is the only way to prevent any further harm to Enel's reputation.

With best wishes...

As a consequence of the construction of the world's third-largest dam project, the Ralco Dam in Chile, the indigenous culture of the Mapuche-Pehuenche people now faces extinction. Their tribal region was buried under the swollen waters of the River Bio Bio. In 1997, the Spanish energy company Endesa bought the entire river from the Chilean government. The then president, Eduardo Frei, had a personal interest in Endesa through one of the firms involved. While he was in power, Mapuche leaders were criminalised and imprisoned. In 2003, the last remaining families left their land and were resettled elsewhere. Nowadays, they have to pay for electricity generated through the inundation of the land which was once theirs. The documentary film "Switch It Off!" by Manel Mayol reconstructs the dramatic events surrounding the building of the Ralco Dam and shows the courageous resistance of Chile's native population. Members of the Mapuche-Pehuenche tribe describe how they were completely ignored while their land was being sold and how the laws protecting indigenous peoples were flouted in the process. In no uncertain terms, they analyse

their position – between the IMF, the World Bank and postcolonial structures – tracing back their right to opposition to past conspiracies against them and the complicity of the Chilean government. In the course of history, 95 per cent of the native population of the country was killed resisting the Spanish occupying forces. In today's world, the tribe views capitalism and powerful transnational corporations like Endesa – currently takeover candidate of the German E.ON Group – as its number-one enemy.

www.internationalrivers.org (English)

www.ecosistemas.cl (Spanish/English)

www.patagoniasinrepresas.cl (Spanish and other languages)



Demonstrators gather in front of Moneda Palace, Chile's seat of government, to protest against the proposed dams in Patagonia (photo: Chile Sustentable)

4.10 Nestlé – Bottled Water Worldwide

One of the companies whose activities we should be following closely is the Swiss firm Nestlé, the world's largest food company and one of the most important players in the bottled-water industry. Bottled water is often no more than processed tap water, with which, however, far greater profits can be made: for the multi-utility enterprises, a rather simple but highly lucrative business model! In addition to the disproportionate prices paid by consumers, the production of bottled water is extremely damaging to our environment, which is having to cope with millions of plastic bottles and thousands of tons of plastic waste. The environmental pollution caused by the transport of this product, in some cases worldwide, is exacerbating the problem even further.

The most serious objection to bottled water is perhaps an entirely different one altogether: within the circle of multi-utility companies, a secret agreement might well be reached, making it quite acceptable – desirable even – to allow mains networks to go to rack and ruin because then tap water would become undrinkable, increasing the industry's turnover.

Nestlé is also active in the field of genetic engineering. Several years ago, it tried to force one of its chocolate products, the “Butter Finger”, made with genetically-modified maize, onto target groups of younger people. Another of the company's target groups is mothers, who are to be persuaded against breast-feeding their infants and convinced that breast-milk substitutes are better. In Brazil, Nestlé sponsored President Lula's “Zero Hunger” programme (Fome Zero), whereby food cheques were handed out to families in need. Nestlé's contribution was a breast-milk substitute.

How cynical of Nestlé to cunningly misuse a food safety programme to make mothers dependent on industrial products by persuading them not to breast-feed their babies!

www.nestlecritics.org (English)

Evo Morales, a former coca farmer of indigenous origin, played a leading role in the successful struggle against neoliberalism and neocolonial plundering in Bolivia, a country where – despite an abundance of natural resources – two thirds of the population live below the poverty line. In December 2005, he gained a spectacular victory in the Bolivian presidential election as candidate for the left-wing Movement Toward Socialism (MAS).

By calling for the renationalisation of the country's natural gas deposits and for higher taxes on exports of raw materials, Morales succeeded above all in mobilising the extremely poor rural population. His election as president, however, was preceded by political turmoil and a long series of protests, some of which became violent. One of the main issues at the centre of these clashes was the question as to who should be responsible for drinking water supplies.

Many have prophesied that there would be struggles for water as the key resource of the twenty-first century and this has long since become reality in Bolivia. One particularly notorious example of this was the “water wars” in Cochabamba in 2000, when the region was placed under martial law and several people were killed. The events in Bolivia are an example of how developing nations, when subjected to international pressure exerted under the guise of economic aid and modernisation measures, can very easily fall prey to large international water companies, who know only too well how to turn the needs of even the most destitute sections of the population into hard cash.

5.1 **Who Does Water Belong to? Having the Courage to Stand up against the Powerful Companies**

This modern-day pilfering of the nation's own resources by foreign companies is seen by the Bolivians as the continuation of a centuries-old history of colonial exploitation, which lies deeply embedded in the collective memory of the people.

In the sixteenth century, the Spanish conquered part of the Inca Empire, territory which today belongs to Bolivia. The native peoples were subjugated and the region's silver deposits looted. During most of the Spanish colonisation period, this area was known as Upper Peru and came under the authority of the Viceroy of Lima. Upper Peru later joined the Viceroyalty of Río de la Plata. Bolivian silver mines produced much of the Spanish empire's wealth and Potosí was for many years the largest city in the western hemisphere. At the beginning of the nineteenth century, efforts to liberate the territory from the influence of Lima and Buenos Aires intensified. The local population (miners, businessmen, ranchers and others) wanted to create an independent country in order to profit from the region's wealth. The army of General Antonio de Sucre gained several victories over the Spanish and, on August 6, 1825, a constitutional congress declared the territory independent. The new republic was named Bolivia after Simón Bolívar, one of the liberators, who became the country's first president but who stayed in power for only a few months. The capital was named in honour of Antonio de Sucre, who succeeded Bolívar, but only for a couple of years before being deposed by Andrés de Santa Cruz, who reunited Bolivia with Peru in 1836. This confederation was dissolved three years later and during the following decades, Bolivia was rocked by civil war and sank into anarchy.

As a result of the saltpetre wars against Chile (1879-1883), Bolivia lost large areas of its national territory and – most significantly – its access to the Pacific. Chile took possession of those regions which were rich in saltpetre deposits (nitrate), at that time an important raw material for the manufacture of fertilisers and gunpowder, and mining was subsequently carried out for the most part by British and German

companies. Chile used the revenues to pay for its shipments of arms from Europe.

Many crises and more than 150 coups have left their mark on Bolivia, preventing the country from becoming politically stable. In 1985, President Victor Paz Estenssoro issued a decree (Decreto Supremo 21060) which paved the way for a “neoliberal” free-enterprise economy. The nation’s fledgling domestic industry proved no match for rival foreign imports and so it collapsed. In 2004, Bolivia, with a population of almost nine million, was still the poorest country in Latin America and had amassed foreign debts totalling US\$5.5 billion. In order to repay these, 30 per cent of the gross domestic product had to be expended.

In the 1990s, natural resources such as oil, and gas in particular – as well as the relevant infrastructure services – were privatised and foreign investors took control of extraction and marketing. After Venezuela, Bolivia has the largest deposits of natural gas in South America. In 1997, the public water supply in the Andean cities of El Alto and La Paz fell victim to the tidal wave of privatisation; the beneficiary was the Aguas de Illimani consortium under the direction of the world’s largest water company, the French Suez Group.

The World Bank subsidiary IFC (International Finance Corporation) had an 8 per-cent share in this consortium, indicating that the World Bank is also acting on behalf of its own economic interests and not simply out of the altruistic desire to promote development in the countries of the South, when it forces its Structural Adjustment Programmes (SAP) on them. The consortium’s shareholders also include its employees – together they hold a modest one per-cent interest in the company!⁷

The “water wars” of Cochabamba, which became famous internationally, were waged in 2000, following drastic water price increases. Another factor which led to the conflict was the way in which multinational corporations used the country’s Water Act to strengthen their efforts to seize municipal water systems and even natural sources of water, such as wells. The U.S. Bechtel Group (the Aguas del Tunari Consortium) had taken over the running of the municipal water supply and raised the price of water to such an extent that a large

section of the population could no longer afford to pay. People reacted with strikes and vehement protests, which were non-violent at first. Clashes later broke out between demonstrators and the police, which led the government to declare a state of martial law and deploy troops against its own citizens. Several people were killed and hundreds more injured.

Nevertheless, the Coordinadora del Agua de Cochabamba, an alliance of farmers, workers, neighbours and students, managed to drive Bechtel out of the country. This incident was to some extent ground-breaking because citizens – entirely by their own efforts – had succeeded in bringing a powerful company to its knees.

In 2002, the social movements Movimiento al Socialismo (MAS) and Movimiento Indígena Pachacuti (MIP) went on to win partial victories over the social elite. They were successful, for example, in their demands that future parliamentary debates also be held in the indigenous languages (Aymara, Quechua and Guarani). They have not yet, however, been able to bring about any fundamental political change.

As early as October 2003, bloody clashes broke out in the streets once again after it became known that President Gonzalo Sánchez de Lozada was planning to export considerable quantities of natural gas on extremely “profitable” terms and conditions – and this via Chile of all countries.

All attempts to put an end to the protests by force failed, however, and later that month, after more than 60 people had been killed, Sánchez de Lozada had to flee to the USA.

His successor, President Carlos Mesa, initially avoided the forceful use of state authority. The situation was defused, but only temporarily, because the new president altered his course before long and, hand in hand with the country’s elite, headed off in a neoliberal direction. Further privatisation contracts were to follow.

In January 2005, people took to the streets once again to vent their anger on Suez, which had taken over the water supply and distribution system in El Alto, securing for itself a guaranteed annual rate of return of 12 per cent. One of the key demands made by the protestors was that

the contract with Suez/Aguas del Illimani be terminated immediately and that the town's water supply be operated by a state-run, socially-orientated corporation.⁸

For years, 40 per cent of the inhabitants of El Alto, particularly those in the poorer neighbourhoods, had been waiting for their districts to be supplied with tap water and connected to the sewerage mains network. Suez had knowingly formulated the contracts so as to limit its responsibility to cover only the existing infrastructure, which meant that, as the township grew – and El Alto grew considerably – the company was under no obligation to extend its services to new areas.

Water activists
protesting outside
the Town Hall
in Tiquipaya, Bolivia
(photo: Indymedia)



Corporate business policies triggered off equally strong indignation amongst those citizens who could not afford access to drinking water – although the necessary infrastructure was already in place in their part of the city – since Suez had raised connection fees from around US\$100-120 previously to \$445. In view of the fact that many people have less than one dollar a day to live on, this would have meant their paying out several months' wages just to be connected to the mains network.

Contrary to all promises and contractual agreements, privatisation measures have not served to improve the supply situation over the years, and tens of thousands of families are still without mains water to this day. (Following a government decision, Suez has since had to leave the country.) In cases of privatisation, the exact wording of the contracts is usually subject to secrecy, a practice which is illegal. This lack of transparency and any system of control makes it impossible for citizens to take legal action against this outrageous state of affairs.

In March 2005, things started to move faster again. Under the pressure of mass protests, President Carlos Mesa announced his resignation, a move which was turned down by Congress, however. At first, Mesa agreed to cancel the contract with Suez relating to the water supply, on the grounds that the operator was not fulfilling its duty, but he soon modified his pledge after three institutions put the thumbscrews on: the German Association for Technical Cooperation (GTZ), the Inter-American Development Bank (IADB) and the World Bank.

As early as 1996, when a partial remission of foreign debts was being negotiated, one of the terms stipulated by the World Bank, the IADB and the International Monetary Fund (IMF) had been the privatisation of the municipal water companies. The withdrawal of foreign aid would have affected not only water supply projects but also other facilities relating to health and education services. President Mesa stated the reasons for his about-turn, saying that the country would find itself facing claims for compensation to the tune of millions of dollars if it cancelled the contract with Suez/Aguas del Illimani. It would therefore be better to reach a “mutual agreement”...

In mid-March 2005, the above-mentioned institutions flexed their muscles once again by setting out the kind of water supply and distribution systems they envisaged for the future: the existing contract could be terminated, but a new one would have to be concluded, a so-called “SAM” (Sociedad Anonima Mixta), something equivalent to a Public-Private Partnership contract, i.e. a mixed legal form. Suez, the very company the Bolivians had tried to free themselves from by demonstrating, would now hold 35 per cent of the shares.

The institutions named here seem to find it perfectly natural to interfere in the nation's sovereignty by exerting pressure in such an outrageous way. The German Embassy in La Paz also spoke out in a press report, reminding the Bolivian government that an "amicable solution" should be reached in order to avoid having to pay compensation. An operating company should be set up to guarantee effectiveness and sustainability of service, and a minimum of regulatory structures should be put in place to safeguard foreign investments. If not, the blatant threat continued, German development aid would be withdrawn. The Bolivians, however, are only dependent on this development aid because they have been denied their fair share of the country's natural resources. Characteristic, too, is the arrogance with which German development aid agencies naturally assume that they are the ones who know what is best for a nation, ignoring the right of its people to self-determination.

Mistakes have been admitted, of course, but only rarely are they seen as resulting from the ruling doctrine of privatisation, which proponents repeatedly justify by paying lip service to humanitarian ideals. On June 2, 2003, Heidmarie Wieczorek-Zeul, German Minister for Economic Cooperation and Development, declared in the *Frankfurter Rundschau* that water was "a human right and a public asset. [...] German development cooperation in the water sector is guided by this principle [...] and this principle is not being called into question [...] by possible investments made by private enterprise."⁹

Former Permanent Secretary Uschi Eid (Alliance 90/The Green Party), water expert, development specialist, governor of the IADB and formerly in charge of the GTZ (German Association for Technical Cooperation), claims that the failure of privatisation projects is not due to any flaw in the system but simply to technical shortcomings. In an article she wrote in the year 2003,¹⁰ she regards the development in La Paz as a positive one and an example for the country as a whole, without offering any explanation as to why something should function here – of all places – which has long since failed in other towns. Practical, on-the-spot experience and the explicit will of the people are being completely ignored in the process. This is the epitome of making

up other people's minds for them!

We should remind ourselves at this point that the then president, Carlos Mesa, had already decided to cancel the contracts with Suez in El Alto. The German onslaught put itself in direct opposition to the president's plans and interfered in his government's ability to act independently. In addition to all the practical aspects involved, the question arises as to whether or not the self-determination of a sovereign country is to be valued higher than a development aid programme which only serves to aggravate many of the problems instead of solving them. If German development aid to Bolivia is as exemplary as those in charge maintain, then why are the citizens there so firmly opposed to it?

5.2 Humanitarian Aid or Dictating to Others in Neocolonial Style? A Dark Chapter in German Foreign Aid Policy

At this point, it becomes evident that important clues in the search for the main string-pullers behind the accelerated process of water privatisation – which Bolivian municipalities have been subjected to since 1997 – lead directly to Germany.

For some time now, the German Association for Technical Cooperation (GTZ), a private limited company acting on behalf of the German Ministry for Economic Cooperation and Development (BMZ), has been involved in privatisation policies worldwide and also in several projects in Bolivia. One of these is a programme by the name of PROAPAC,¹¹ which is supposedly intended to improve water supply and distribution services and promote public participation in this field. The GTZ has carried through numerous projects in cooperation with German business enterprises. In the towns of Oruro and Potosí, for example, water supplies were “sustainably optimised”, using the expertise of the Mannheim-based company MVV.

The GTZ website announces that the company wishes to improve access to water resources and, in so doing, bring “social justice to the

country”. In reality, it has deviated considerably from these principles. In 2005, thousands of households in El Alto were still without drinking water. The active involvement of citizens in the running of their own water supplies has been repeatedly and forcibly suppressed by either the military or the police.

The GTZ and BMZ say nothing about this discrepancy in their reports, however. Neither do they mention their deliberate exertion of influence on government decision-making, aimed more at sponsoring ruthless privatisation schemes and protecting the interests of private investors than strengthening civil rights. As mediator in negotiations between international financial institutions and government offices, the GTZ has tremendous opportunities to bring pressure to bear, allowing it to dictate the rules to those politically responsible. The company has no scruples when it comes to exploiting the financial dependence of foreign governments to advance its own political and economic interests.

This is, however, only one of the accusations made against the GTZ by Oscar Olivera of the Coalition for the Defence of Water and Life and Omar Fernández, representative for the National Association of Farmer Irrigators and Water Committees, in an open letter to the international community.¹² The letter not only criticises the GTZ for its water privatisation strategies but also denounces the company for aggravating the conflicts and “creating a climate of fear, violence and oppression” by browbeating government authorities, mounting various offensives and spreading false information – fierce criticism of an organisation which claims to have set itself the goal of creating a “world without poverty, fear and environmental destruction”.

Time and time again, while investigating the decision-making processes leading up to the privatisation of water supplies, we come across direct manipulation by the GTZ. In 2002, two years after the water wars, the company had dealings with the government of Jorge Quiroga and secured the passage of a law¹³ allowing the conversion of municipal water utilities (in small and medium-sized towns) to public-private partnerships, which are 60 per-cent private. The GTZ was also directly and actively involved in developing a \$423-million

“National Irrigation Plan”, which had been drawn up under the former government of Sánchez de Lozada before he was forced to resign in October 2003.

Since 2002, the GTZ, together with the Ministry of Basic Sanitation, has been running an extensive and effective campaign to fund drinking water supply services. Municipal authorities are being offered reduced-interest loans for the construction of drinking water and sewerage installations and are being urged to push ahead with privatisation. Often enough, this money is provided by the German Reconstruction Loan Corporation (KfW). According to Oscar Olivera, some of these financial resources have been misappropriated and used for election campaigns – to the advantage of those political bodies which support the GTZ’s privatisation interests.

Many regions have been declared “concession zones”, where foreign companies are granted prime access to the drinking water delivery business. The rights of indigenous communities and farmers, written into the drinking water laws after slow-moving and tough negotiations during the “water wars”, have thus been rendered null and void. Not only have communities lost their right of self-determination with regard to their water supply systems – they have also lost the actual natural water resources themselves, such as rivers, lakes and ponds, because the creation of supply monopolies no longer allows people to look to alternative sources of drinking water.

While consumers are unilaterally bound to the concessionaire, the latter may sell the water to financially better-off communities and urban water distribution systems, with disastrous consequences. The rapid growth in urbanisation leads to the disappearance of traditional methods of water extraction and farming, and land which was once agriculturally productive is now being left fallow.

At the same time, creating concession zones automatically leads to the introduction of tariff models. Water prices are tied to the rate of the dollar – with the aim of safeguarding the private operator against any exchange rate crises. While the multinational water companies can rejoice in their guaranteed fixed rates of return of 12 to 13 per cent, the financial burden of investment costs, taxes and possible risks is passed on to the consumer.

The GTZ, in consultation with the Deputy Minister of Basic Sanitation, endorsed one such privatisation deal in the towns of Colcapiruha and Tiquipaya, which met with resistance from indigenous farmers and municipal drinking water committees. In the course of 2003, these protests were brutally quashed by the military and the police. In Oscar Olivera's opinion, the GTZ should be made accountable for its role in the suppression.

*"They have robbed us. They wish to sell us.
If we continue sleeping, our soul will be lost."*

Panchi Maldonado, a musician from La Paz, Bolivia, whose songs describe the situation of the people protesting in the streets, using music as a form of peaceful resistance

From the end of 2003 onwards, the GTZ sponsored the drafting of a "National Basins Programme" together with other regulations and water management guidelines. These were meant to govern, among other things, basic sanitation, irrigation, water consumption, sewage, water pollution and hydroelectric power. This procedure took place behind closed doors, without the participation or the approval of the farmers' organisations and the indigenous communities who had fought against water privatisation in the year 2000. The Law of the Framework and Management of Water Resources and other new laws allow the granting of franchises for natural water resources, thereby forcing communities to hand over sources of drinking water which they have been using for generations.

In April 2004, the GTZ supported the foundation of the public-private partnerships Bustillo and Manchaco, to name just two, but several more are in the making. In both the above-mentioned cases, the concession zones involved have large indigenous communities,

which are demanding the return of their hereditary territorial rights. Although this privatisation model is meant to ensure that 70 per cent of company shares are owned by consumers, shares may be sold according to commercial law, just like in any other partnership. No one can prevent private companies buying up these shares and one day gaining control of the water supply.

This is a volatile situation which could lead to further conflicts. The GTZ is obviously not interested in reaching the kind of “mutual” agreement which it and other institutions call for in critical situations. In April 2000, activists from social movements and citizens’ organisations founded the National Interinstitutional Water Committee (CONIAG), with the aim of holding public meetings where controversial issues could be discussed and negotiated. The GTZ’s response was to undermine the process by trying to seize control of the organisation. When this attempt failed, it set up a parallel committee to prevent any public amendment of water regulations that might not be compatible with its own privatisation strategies.

Whenever views from the civil movements’ camp diverge from its own, the GTZ’s stereotype reaction clearly demonstrates that it does not want any form of public participation or co-determination whatsoever. When, within the framework of the National Irrigation Plan, a scheduled private-enterprise irrigation foundation (FUNRIEGO), financed by government funding but with no liability towards the public, was up for consideration alongside a more popular participatory model (a National Irrigation Service), the GTZ insisted on pursuing the creation of this private foundation. The manner in which all this took place revealed the private company’s true intentions – to appoint manipulable top-ranking officials to take control of resources.

In the past, the leading protagonists from the various governments responsible for speeding up privatisation policies have been backed by experts and engineers employed by the GTZ – support they still enjoy to this day.

5.3 From the Struggle for Water to the Reclaiming of Civil Rights

It seems absolutely preposterous that transnational companies should be making capital out of Bolivia's mineral resources, such as gas and oil – the nation's wealth – while, at the same time, the majority of the population continues to live in dire poverty. The rich nations are acting contemptuously when, after helping to carry out these raids, they subsequently offer loans to Bolivia to ensnare the country in a debt trap and force through further privatisation deals as a result. This procedure is referred to in everyday language as “development aid”. What it amounts to in reality, however, is a reprehensible form of neocolonial exploitation enabling large companies, financial institutions and the elite – all of whom profess to be “lending a helping hand” – to further their own business interests.

During this whole process, and since the introduction of the so-called Structural Adjustment Programmes, public outrage has continued to grow. The overthrow of the president was just one manifestation of this. Protestors come from all sections of the population, including academics, but the vast majority of them belong to the lower and middle classes – men and women of all age groups who seldom reap any benefits from privatisation. Many are farmers. Trade unions play no major role in the clashes because they have been systematically eradicated since the neoliberal era dawned in 1986.

Should Suez, the World Bank and the Inter-American Development Bank continue with their water privatisation endeavours in Bolivia, this could well lead to an escalation of the situation. Why on earth water privatisation policies which have been so detrimental to the citizens in Cochabamba and other cities and beneficial only to multinational companies, should be successful in El Alto and La Paz, is beyond comprehension. In a recent interview in the *Frankfurter Allgemeine Zeitung*, RWE boss Roels said that he was striving to achieve an 18 per cent return on investment. We can assume that other water companies have set themselves similar goals. The seeds of further crises and violent clashes have been sown and will reach fruition if civil movement

initiatives do not succeed in halting these developments.

Socio-political movements and citizens' associations have achieved a great deal in the past few years in their struggle for control of water supplies, especially with regard to legislation. Their protests have led to important sections of the Potable Water Law being amended and drinking water supply and distribution systems being made more customer-friendly and returned to local authority control, a move which also safeguards and protects the rights of indigenous farmer irrigation-ists.

Regardless of these breakthroughs, Bolivian governments of the pre-Morales era continued to support the policy of privatisation, pursuing it in an underhand manner – for instance, by bypassing their obligation to consult with citizens' organisations and by misleading or withholding information from the public.

The protests in Bolivia are more than just a passing phenomenon. They represent a new development which might well serve as an important lesson to other countries, showing them the way forward. The successful outcomes in the fight against the sell-out of resources and the brawn of the big companies have given people new self-confidence and the will to organise their own living conditions for themselves. With extraordinary courage, skill and staying power, social movements have managed – within the space of two years – to put an end to water privatisation deals, first of all in Cochabamba, and later in El Alto and La Paz, bringing about the fall of two presidents and subsequent new elections.

Equally remarkable is the resoluteness with which resistance groups fought not only for self-determination of local water supplies but also for a fair share of the nation's own resources, such as oil and gas. The campaign to convene a legislative assembly in times of peace, with the aim of revising the issue of the right of possession of natural resources, as well as the basic principles underlying the provision of essential public services, is a signal that grassroots democracy is truly alive. Here in Germany, people have been striving unsuccessfully for more than 50 years now to secure the introduction of a national referendum system. Against this background, it might well be worth contemplating

just who is in greater need of development aid when it comes to the principle of democratic co-determination.

There is also a lot to be learned from the way the Bolivians called upon the solidarity of the international community. This appeal brought their problem to the notice of other nations and mobilised international support, with which they were better able to hold their own ground against the superior might of the multinationals and the political elite.

At his swearing in to office on January 23, 2006, an event preceded by native religious ceremonies, the newly-elected president Evo Morales called for “an end to 500 years of discrimination”. From his point of view, what Bolivia now needs more than anything else is autonomy, equal opportunities and access to its own land and natural resources. In Abel Mamani, one of the protest leaders, who at times went on hunger strike, Bolivia now has a minister exclusively in charge of water-related issues.

Following the examples of Hugo Chavez in Venezuela, Nestor Kirchner in Argentina and Michelle Bachelet in Chile, Bolivia, too, has a head of state who has declared it his goal to liberate the country from the stranglehold of the WTO, the GATS Agreement, the World Bank, the IMF, the United States and diverse companies. An alliance of these South American states could serve as an example for similar opposition in other regions of the globe.

Our joyful recognition of the Bolivian victories should not allow us to overlook the signs of possible new threats. On May 1, 2006, the Bolivian government made international headlines when President Evo Morales issued a decree (Decreto Supremo 28701) on the gas field of San Alberto, according to which corporate looting would be brought to an end, the oil and gas industries would be nationalised and a large share of the profits passed on to the people. The companies concerned, such as BP, Repsol, Shell and Petrobas, would be obliged to conclude new contracts, whereby the state administrative agency YPFB (Yacimientos Petroliferos Fiscales Bolivianos) would regain supreme control of the country’s natural resources. Morales’ government is planning to use a substantial part of the revenue to create better

educational opportunities. Plans for total renationalisation fell through initially due to strong opposition on the part of Brazil's President Lula, representing the interests of the Petrobras Oil Company.

If all states were to demand a fair share of their own natural resources, the entire global economy would begin to totter. The wealthy nations in particular are concerned about rising energy prices. The financial world and especially those companies which would be affected are not just going to stand by and do nothing about this development. One impending threat, for instance, is the tidal wave of corporate compensation lawsuits which would be brought before the arbitration boards of the WTO or World Bank.

Resistance to Morales' reform policies is now beginning to make itself felt in his own country, too. At the end of November 2006, against the will of the largely Conservative senate, the government succeeded in carrying through a land reform designed to support the small farms on Bolivia's central plateau (Altiplano) and to ensure a more equitable apportionment of the vast estates of the cattle barons and soy kings in the Amazon lowlands (Oriente). Six provincial governors called for the boycott of parliamentary control of these measures. It is also to be feared that companies and powerful institutions will try to use big landowners to provoke the destabilisation of the president and his policies.

During a visit to Germany in 2006, Oscar Olivera expressed concern about the possibility that the claims of the population to a rightful share of their own national resources could lead to a state of affairs resembling civil war and that every possible form of support would be necessary in order to carry through the reforms peacefully.

Olivera's fears are not unjustified. Since 2002, the country has had diverse conditions imposed on it within the framework of German development aid – conditions drawn up in agreement with the World Bank and IMF. The GTZ developed an appropriate €17-million programme, which is due to run until 2011. The PADEP programme¹⁴ is a strategy of “decentralisation” – apparently to help combat poverty. Its real function, however, is to open the way for private enterprise. Meanwhile, it has joined forces with the interests of the big landowners

who oppose President Evo Morales' plans to renationalise the gas and oil reserves.

At the beginning of July 2007, the governors of the departments of Santa Cruz, Tarija, Pando and Beni presented their plans for future regional autonomy. What this means in plain English is: these governors, in whose departments the largest gas and oil deposits are located, wish to become financially independent – and the five poorer highland provinces will be left empty-handed.

We can only hope that enough strong international opposition can be mobilised to protect the Bolivian people against this kind of underhand “development aid” and support them on their journey towards a more equitable future.

A local activist formulated one of the serious problems currently facing his country as follows: *“Evo Morales did not reject the PADEP ‘development aid’ programme. He and his administration have in fact joined forces with the German GTZ, and this programme forms the core of the president’s economic policy for Bolivia, as shown by the construction of dams and the exploitation of new oil and gas reserves. The government may have closed the door on one form of trade and cooperation, but it has opened new doors to the GTZ and other so-called ‘development aid agencies’.”*

5.4 The New Bolivian Constitution Recognises Water as a Human Right, but Will This Actually Become Reality in Everyday Life?

by Marcela Olivera

At the end of 2007, a new Bolivian constitution was drawn up for the Constituent Assembly. From the very beginning, however, the social movements were highly critical of the way in which the Assembly was made up, since it was not representative of Bolivian

civil society such as farmers, workers, and indigenous people, but rather the traditional political parties.

Right from the start, the Constituent Assembly had many problems accomplishing any work at all. Time factors were of great importance and the right-wing political parties within the Assembly tried to block any advance in dealing with issues. The new constitution was eventually born in Sucre – paradoxically inside an army base – and was ratified while violent protests were taking place, during which three people died.

So what does the new constitution say about water? Article 16 states that every person has the right to water and food, while article 20 states that every person has the universal right of access to basic services such as water, sewage, electricity, gas, telecommunications and transport. At the same time, it also says that indigenous people will be allowed to construct, manage and maintain the water systems in their own territories and that respect will be shown to the traditions of the indigenous communities and the way in which they use their water sources. Finally, the constitution guarantees that the state will protect the use of “water for life”.

Oscar Olivera is spokesman for the Coalition for the Defence of Water and Life, the group representing the movement that headed the water war in 2000. In discussing how the new constitution – which came into effect during the Morales government’s term of office – regards water, Oscar Olivera said: “The status of water in the new constitution, drafted by the Constituent Assembly at the end of 2007, is the result of demands made by the social movements which have been fighting for this natural resource since 2000.”

However, he goes on to say: “The new constitution establishes a normative horizon for water, based on international agreements in combination with the revival of the historical and ancestral values of our parents and grandparents. It also takes up the international campaign of peoples from all over the world, in which water is held to be the common property of all living beings and a generous gift of Mother Earth (Pachamama). However, this aspired norm will have no effect whatsoever due to the liberal character of the economic

philosophy that forms the foundation of the new constitution. This economic approach has constitutionalised neoliberalism and made the presence of multinational capital for the exploitation of our common natural resources legally possible.”

Olivera’s comments reflect the belief that the Morales government’s priority policies towards mines, oil and energy will prevent water being recognised as a human right.

The new constitution has some way to go and Bolivians still have to vote for or against it. The government has already started a “Say Yes to the Constitution” campaign, but is negotiating at the same time with several Bolivian state governors to modify certain points that have not yet been settled. The water issue remains a significant challenge for this government because the water philosophy expressed in the constitution may not be able to exist alongside a liberal economic model.

Water is the only resource that intersects with all others. Wherever mines operate, or oil or gas is processed, water policy is affected. Wherever government policies and economic mandates relate to our water supplies, they have an impact on citizens’ lives. We cannot just make a pronouncement about water that sounds good on paper without taking into account all aspects of how the country is being managed. Water cannot be separated from the other laws that affect human lives. As Oscar Olivera points out: if this government is going to pursue its neoliberal economic policies towards any or most of our natural resources, then it will not be able to keep the promises it made with regard to water.

Marcela Olivera is the Latin American coordinator for the *Water for All* campaign. After graduating from the Catholic University in Cochabamba, Bolivia, Marcela worked in Cochabamba for four years as the key international liaison for the Coalition for the Defence of Water and Life.

In 2004, she moved to Washington, DC to work for a year for the *Water for All* campaign, developing an inter-American citizens’ network on water rights. “*Red Vida*”, the network she continues to coordinate

from Cochabamba, assists water rights groups throughout Latin America to bring together and consolidate their efforts to preserve or establish water as a common good and human right. Marcela has also worked as a lead researcher at the Democracy Centre, a San Francisco- and Cochabamba-based NGO.

www.ubnoticias.org/en (English/Spanish)

A CITY'S MAD PRIVATISATION SPREE – HOW STUTTGART SOLD OFF ITS GAS, ELECTRICITY AND WATER SUPPLIES

6

Stuttgart is the only German city to have privatised its entire gas, electricity and drinking water infrastructure, together with all the assets belonging to these supply networks. In other cities, such as Munich and Augsburg, authorities voted by a majority against selling the municipal water supply. Even bankrupt Berlin, despite its financial crisis and the sale of some shares, retained a majority interest in its water supply. In the comparatively prosperous city of Stuttgart, however, the council, under the leadership of Mayor Wolfgang Schuster, presented local citizens with a *fait accompli*. The energy and water supplies were sold to the Energie Baden-Württemberg (EnBW) company, including the shares in the communal special-purpose associations, the Bodenseewasserversorgung (BWV, i.e. Lake Constance water supply and distribution network) and the Landeswasserversorgung (LWV, i.e. provincial state water supply and distribution network) – as well as the water subscription rights! There had been no adequate public debate beforehand, although this would have been crucial prior to any such far-reaching decision.

In February 2002, hardly any of the city's 600,000 inhabitants were aware that the council had just voted in favour of privatising the water supply, with only four votes against. Even the newspapers shed extremely little light on the matter. Although municipal authorities did their utmost to cover up what they had done, only hesitantly providing fragments of information on the subject, the first conflicts and disputes arose later that year between the public and the council. Sensitised by the events and activities – organised by critics of globalisation – which were taking place at the time in Forum 3 (a youth and cultural centre in Stuttgart), a citizens' initiative was formed with the goal of reversing the sale of the city's water supply. This initiative gave birth to the Stuttgarter Wasserforum (Water Forum), whose members have been organising events, activities and campaigns ever since.¹⁵

6.1 Public Opinion Is Not Asked for

What exactly had happened in Stuttgart? The members of the Water Forum set about investigating the circumstances surrounding the sale of Stuttgart's water supply, a task which proved very difficult since, traditionally, almost all contracts relating to such deals are kept secret. This fact alone should have been enough to summon the townsfolk into the arena because, as critics firmly believe, the nondisclosure of these documents is tantamount to a betrayal of interests and thus represents an act of disloyalty towards the electorate.

Stuttgart is the provincial capital of Baden-Württemberg. According to the local government code, city and town councillors are obliged to "conscientiously protect the rights of the town, and advance the well-being of the town and its citizens to the best of their ability".¹⁶ They should make decisions "based on their own independent conviction and solely for the well-being of the public, within the framework of the law" and are not "tied to any obligations and contracts which restrict this freedom".¹⁷ If taking an official oath means more than just paying lip service, then business deals which bind the contractual partner to secrecy should be categorically turned down. Even if such deals actually did come about, they should be regarded as not binding, in this respect at least.

It was remarkable how vehemently the sell-off was defended by its proponents – the Conservative (CDU) and the Liberal (FDP) parties – who seemed oblivious to the existing conflict of interests. The gist of their arguments was always the same: the city was in need of the money and the water was just as good as before. It was anyway an antiquated idea that water supplies had to be operated under local authority control.

In order to broaden the alliance of those who are opposed to the sale and in favour of remunicipalisation as well as to reach a greater number of people, the Stuttgart Water Forum cooperated with other initiatives and environmental groups to organise podium discussions in the evenings. The debates became particularly heated whenever politicians from the CDU took part, maintaining – as they still do

today – that Stuttgart’s water supply had not been sold at all and that the Water Forum was simply spreading false information to incite the public.

Mayor Schuster himself performed an even greater balancing act by arguing time and time again at organised events and in newspaper articles in favour of keeping the water supply in the public domain. The politician who expressed himself in the most preposterous way, in my opinion, was Rezzo Schlauch, parliamentary leader of the Green Party in the Bundestag at the time. On May 7, 2002, he wrote an email in answer to a query voicing concern about a takeover of the existing operator by large foreign companies. I quote: *“First of all, I wish to protest against the blanket demonisation of ‘global companies’. This kind of generalisation is simply missing the point and does not do justice to the complexity of the issue. Secondly, I would ask you to take note of the advantages and opportunities to be gained from increased competition, even within the public service sector (falling prices, better service ...). Why should our water not be delivered by a foreign company? The main thing is that reasonable quality and safety standards are set by the government. This is exactly what is happening, above all at European level. One last word on the topic of ‘German’ resources: the use of this terminology is, in my opinion, indicative of an anachronistic form of nationalism, which is as backward-looking as it is dangerous. Why should it matter at all whether energy is German, French, British or Belgian? In a Europe which is becoming more and more unified there should no longer be any room for such categories.”*

All the clichés which are usually cited in order to promote the commercialisation of public services appear in this statement: it is “nationalistic” to have our essential public services provided by municipal operating companies, which have been protected for generations by a regional monopoly, just as it is a gesture of openness and understanding in a “Europe which is becoming more and more unified” to have foreign companies running the municipal installations and utilities which provide our essential public services. This may well be true of a Europe of bureaucrats and consortiums but, with regard to Schlauch’s remarks, it remains to be seen just how the operating

of a municipal water supply by a foreign company does justice to the European spirit. This view turns a blind eye to all the negative experiences gained up to now in connection with water privatisation, and even reverses the order of cause and effect. Worse still: an attitude like this might actually fan the flames of nationalistic resentment in a population which sees itself bereft of the right of disposal of its own natural resources.

As Rezzo Schlauch himself is well aware, the question is not about whether a multi-utility company is German or French. This fact has nothing at all to do with the issue. As far as resources such as water are concerned, it is absolutely vital that these be held in trust by the very people who depend on them directly for their health and well-being.

The word “nationalistic” has very negative connotations and I believe that using this term in reference to our right of self-determination of water – an essential human need – as Schlauch has done, is a deliberate strategy to pave the way for the corporate onslaught into every single sphere of our lives.

Schlauch’s comments become all the more understandable when we take a look at how his own career has progressed in the meantime. According to EnBW’s 2005 annual report, Schlauch was “appointed” to the company’s advisory board on October 1, 2005. This is an illustrious committee, of which the following personalities are all members: Klaus Kinkel (FDP) and Theo Waigel (CSU), both former government ministers; Matthias Wissmann, a retired government minister and currently chairman of the European Union Affairs Commission; managers such as Hartmut Mehdorn (German Railways) and Klaus Mangold (DaimlerChrysler) – not forgetting Wolfgang Schuster, Mayor of Stuttgart. As permanent secretary in the Ministry of Economics, Schlauch was a member of the Red-Green coalition government at that time. He later maintained that he was appointed to the advisory committee after he had retired from politics, which is obviously not true. This appointment is no coincidence. EnBW boss Utz Claassen was a welcome guest at the Green Party’s conference in Wörlitz as early as 2004. In answer to allegations made by critics, Schlauch said that he was hoping to be able to persuade the nuclear energy producer EnBW to promote forms of renewable energy...

6.2 The Strategy of Insidious Privatisation

In Stuttgart, around 590,000 people have to be supplied with drinking water. The overall length of the water mains network is 1,516 kilometres, which is the equivalent of the distance from Stuttgart to Thessalonika, as the crow flies. Fifty reservoirs and numerous pumping and filter stations are also part of the supply and distribution system, which constantly has to be maintained and enlarged at a considerable cost in order to guarantee the highest possible quality of water and reliability of supply.

The right to extract water from sources and surface water resources lies with the special-purpose associations. These are – or should we say “still” are – regional statutory corporations subject to civil law. Under their umbrella, towns and communities cooperate to organise their water supplies. The two largest special-purpose associations in Baden-Württemberg are the Landeswasserversorgung (LWV) and the Bodenseewasserversorgung (BWV). The latter started operations in 1958 and today supplies around four million people in 320 towns in Baden-Württemberg. The pipeline network has an overall length of 1,700 kilometres. A Three-Country-Commission, to which representatives from Germany, Austria and Switzerland belong, decides how much water may be extracted from Lake Constance. The BWV is allowed to pump up to 670,000 cubic metres of water a day, in accordance with the negotiated subscription rights. In reality, around 350,000 cubic metres of water are removed from the lake on a daily basis and only under exceptional circumstances, such as in the summer of 2006, does the amount extracted ever rise to over 500,000 cubic metres.

The LWV has been in existence for even longer. Founded in 1912, it draws much of its water from the ground water reservoir Donaured (the marshlands of the River Danube) and supplies around three million people in some 250 communities in Baden-Württemberg.

Stuttgart used to have a 33.3 per-cent interest in each of the regional statutory corporations, these special-purpose associations which supply the city with water. When the council sold off the entire infrastructure

belonging to the gas, electricity and water supply networks, these shares were included in the deal – contrary to whatever politicians may ask us to believe.

Stuttgart's gas, electricity and water supplies used to be united under the umbrella of the city's department of works (TWS), a municipal company built up throughout the generations with taxpayers' money. In addition to the relevant technical installations, the TWS' assets included numerous plots of land, properties and apartments. In 1997, the TWS merged with the Neckarwerke Esslingen to become the Neckarwerke Stuttgart AG (NWS). Stakeholders were the City of Stuttgart, the Neckar-Elektrizitätsverband (NEV) and EnBW. This last company had come into being that same year as the result of a merger between the Badenwerk AG and the Energieversorgung Schwaben AG (EVS) and was still 100 per cent in local authority hands.

Today, EnBW is the third-largest energy supplier in Germany, with around 5.4 million customers, and is the German energy company which delivers the largest amount of electricity generated by nuclear power. EnBW's principal stakeholders are Electricité de France (EDF) and the Oberschwäbische Elektrizitätswerke (OEW), each holding 45.01 per cent. A consortium agreement between the two general owners, valid until 2012, stipulates that the corporate management of EnBW lies with EDF. For anyone with any common sense at all, it remains a mystery to this day why the OEW should hand over the management of EnBW to EDF, in spite of holding an equal amount of shares.

To gain a better understanding of this complicated situation, it might be useful to take a look at the chronological sequence of events as they subsequently took place in Stuttgart:

In 1999, Stuttgart City Council "leased" its sewage treatment plants in Mühlhausen, Möhringen and Plieningen to a U.S. trust for the duration of 99 years in a so-called Cross Border Leasing deal (CBL). In these sham transactions, U.S. trusts or funds simulate foreign investments, in order to secure tax privileges (see chapter on CBL, page 115). The German municipality in question receives a small portion of this "profit", the so-called cash value benefit. At the end of

2004, these deals were finally declared illegal in the USA because the loss of revenue was damaging the public purse to the tune of billions of dollars.

In 2000, Baden-Württemberg sold off its 25.1 per-cent interest in EnBW to EDF for €2.4 billion. Erwin Teufel was head of the state government at the time and the man responsible for engineering and concluding this transaction. He and his cabinet believed that, by selling off their interest in EnBW, they would have the “necessary strategic partner at their side” and saw this move as yet another reason for celebration and self-congratulation. They were acting according to the neoliberal creed, which states that an energy supplier must be “well-positioned” in the arena of global competition in order to outdo its rivals.

The practical consequences of the deal, however, were a different matter altogether: in October 2003, an EnBW works meeting was held in Stuttgart. Employees were informed that the company had made a loss of €1 billion and would now have to implement a “top fit” programme to cut costs in the coming three years. The new chief executive, Professor Dr. Utz Claassen, told the workforce that they were not to blame and that the necessary measures “would almost certainly be unjust”. Claassen’s predecessor Gerhard Goll, who had come from the state chancellery, had earlier proclaimed the very opposite: EnBW was well-positioned and now, after making acquisitions throughout Europe, the third-largest energy company in Germany. Business turnover and profits had risen. We have every reason to believe, therefore, that the alleged losses which Mr. Claassen was speaking about did not reflect the company’s real development but were simply an excuse for making radical cutbacks.

In 2001, under the aegis of Wolfgang Schuster, further CBL deals were wound up. The local authority special-purpose associations BWV and LWV “leased” their entire installations and other assets to a U.S. trust for the duration of 99 years – a trust, by the way, which wishes to remain anonymous. Schuster, as Stuttgart’s mayor and at the same time association chairman at BWV, played a bizarre double role in all of this: as Mayor of Stuttgart, he sold off the city’s 33.3 per-cent

interest in BWV to EnBW and – almost simultaneously – BWV, under his chairmanship, “leased” its assets for a period of 99 years. From the point of view of ownership rights, this leads to a peculiar constellation: on the one hand, BWV owns all its affiliated communal statutory corporations and on the other hand, one third of BWV’s shares are owned by the private-enterprise company EnBW. Under U.S. law, however, the ownership rights lie completely in the hands of the U.S. trust, following the CBL transaction.

In 2002, the sell-off of municipal infrastructure entered its next phase. Stuttgart City Council sold its 42.5 per-cent interest in NWS and – while it was at it – disposed of its 9 per-cent interest in EnBW for the sum of €865 million.

The very same pattern lies hidden behind all these transactions: additional acquisitions made by an affiliated group, in this case EnBW, and the level of debt incurred to finance these investments, influence its balance sheet. These debts are then used to justify ruthless economy measures and the dismissal of employees, which are always carried out in a “socially acceptable” manner. As a result, corporate value rockets immediately.

EnBW is a private joint stock company and has been listed at the stock exchange since 1997. It is therefore conceivable that leading stakeholders will dispose of further shares, diminishing any influence which the citizens of Baden-Württemberg might have – which is precious little as it stands. EDF, one of the principal stakeholders, is also a former state-owned enterprise which was transformed into a joint stock company (*société anonyme*) in 2004. Fifteen per cent of shares were floated on the stock market. The consequences of this, i.e. cost reductions and the elimination of jobs, led to considerable protest and unrest among employees. In anti-globalisation jargon, this procedure is referred to as “embellishing the bride before the initial public offering”.

The journalist Werner Rügemer hit the nail on the head when he described the sell-out of energy supplies in Baden-Württemberg as a “case of premeditated looting”.¹⁸

In 2003, EnBW took over the remaining shares in NWS and

thus became the 100 per-cent owner of Stuttgart's water supply. The aftermath of privatising the supply networks became visible to many citizens of the town in January that year, when they studied their electricity bills. EnBW raised its fees for allowing other suppliers to use its grid by 7 per cent and smaller electricity producers suffered competitive disadvantages as a result of these higher charges.

Eventually, in October 2003, a circular informed the people of Stuttgart about the new ownership structures – and deceived them in the process: “NWS will become EnBW. [...] This excellent and cooperative partnership between NWS and EnBW will now become one of the largest energy suppliers in Germany: the new Energie Baden-Württemberg (EnBW).”

This seemingly harmless change of name conceals the sell-out of public property, disguised as a “cooperative partnership”. The new company introduced a lottery to spruce up its image even further: “To begin with, there will be a meter lottery. [...] Our 100 main winners will have the opportunity to spend three relaxing days for two at a Four-Star Golf & Beauty Hotel. A restaurant voucher worth €50 will add the finishing culinary touch to your stay. Just wait and see – perhaps you will be one of our lucky winners.”

With the exception of the hundred “lucky winners”, energy customers in Stuttgart are certain to lose out on this privatisation deal. Shortly before the merger took place, drinking water prices had already been “adjusted”, after remaining stable for five years under NWS management. The new price for a cubic metre of drinking water was €2.18, representing a rise of slightly more than 6 per cent. In May 2007, prices were “adjusted” once more and EnBW raised its charges by a further 7.5 per cent.

On January 20, 2006, the *Stuttgarter Zeitung* reported that EnBW had achieved record results for the financial year 2005, earning for the first time ever a pre-tax income of €1.081 billion – a gain of 42 per cent. EnBW boss Claassen commented on the “excellent development of revenue figures”, saying that “EnBW was now intending to improve yields even further and exploit its future potential to the full”.

The Stuttgart water customer may well ask himself what effect this

is going to have on his water bills in future. Claassen, in any case, seemed convinced that the full potential for his own income as director had not yet been exhausted, although his performance-related annual salary of €4.2 million at the time had already been the target of public criticism.

In March 2006, the daily newspapers announced that the EnBW boss had now been appointed director of the energy giant EDF. He would, however, be retaining his seat on the executive board at EnBW at the same time. Claassen's task would be to help develop strategies which would enable the company to expand into Central and Eastern Europe. In 2005, the EDF consortium reaped profits amounting to €13 billion before tax, interest and amortisation payments – with a corporate turnover of €51.1 billion.

6.3 Growing Opposition

Let us return to the debates surrounding Stuttgart's water supply. The controversies between the political decision-makers from the city council and administration on the one hand and the citizens' action group, the "Stuttgarter Wasserforum" on the other, have continued unabated since the group was founded. On numerous occasions, the council did its utmost to discredit the Water Forum's portrayal of the situation, assuring the public over and over again that "the water" had not been sold at all. On the city council's homepage you can find the following lengthy statements:

"A citizens' group [the Stuttgarter Wasserforum] has repeatedly questioned the safety of the city's water supply, causing a state of uncertainty among the population. Mayor Dr. Wolfgang Schuster and the city council are taking the concerns of the men and women of the town seriously. Here are the facts:

1.) *Water belongs to the public. – Stuttgart’s drinking water comes from Lake Constance and the River Danube. Neither the lake nor the river can be bought or sold. They will always belong to the general public.*

2.) *Local authorities are required by law to take charge of any water supplies for which they are responsible. They do not actually have to run these themselves, however. They can transfer the operation of the water supply to a third party. This has been the case in Stuttgart for some time now. [...] All speculation about the drinking water supply and prices is unfounded. There is no reason to be worried about our drinking water.”*

Further on, we can read: *“In order to fulfil its obligations with regard to the delivery of drinking water, as laid down in the franchise agreement, EnBW is required to keep the water mains in good condition. This is vital, if we are to prevent the decay of the mains network in decades to come – as was the case in parts of England – which would then have to be completely repaired or replaced at the taxpayer’s expense. Since EnBW hopes to retain the supply and distribution of our drinking water for as long as possible, it is in its own interest to keep the mains in good working order. [...] This goes to show that Stuttgart City Council did not sell the water. Even though EnBW is now in charge of operating and maintaining the network, local authorities still have all rights of access. Any profiteering in connection with the water and the price is ruled out.”*

The council’s tacticians or the mayor’s consultants have gone to great lengths here to make the whole affair appear normal. Nevertheless, the statements are erroneous in many respects. The water supply system and all components belonging to it have most definitely been sold, along with – and this is really something new in the water privatisation sector – all shares in the special-purpose associations and the subscription rights.

It cannot be ruled out that the water supply might one day become the object of speculation. EnBW has been listed since 1997, which

means that company shares can be traded at any time. EDF has already sold 15 per cent of its shares on the market and has the power, as laid down in an animation contract, to determine EnBW's fate. We should perhaps make allowances for individual city councillors who did not actually read the very lengthy text of the draft resolution. Also, the sale of NWS was presented to them as an item on the agenda under the heading of "reorganisation of energy shares", worded in such a covered-up way that some of them would certainly not have been able to grasp the full consequences of the decision.¹⁹ On the other hand, if they had studied the draft of the resolution and listened closely to the contributions made at the plenary session, they would have been able to smell a rat. At the council meeting on February 7, 2002, Mayor Schuster commented on the sale of the gas, electricity and water supply systems:

"Today's decision is an historical one [...], because we have taken leave of responsibilities which have always been in the realm of local government and, in so doing, we have carried out what was required of us, first of all by amendments to European law and later to German law, namely, that local authorities or even the public sector in general, are no longer primarily responsible for energy supplies, but instead [...] the relationship between citizens and their municipality will from now on be defined as one between the customer and a business enterprise, in other words, it is ultimately a material privatisation which we are bringing about as a result of this resolution."

The mayor created the impression that the EU decree left the city no other choice but to sell off its infrastructure. At the time, however, the EU had demanded neither the privatisation of material assets nor the sale or liberalisation of the water supply. It had simply called for the electricity market to be liberalised, granting access to private suppliers. If the infrastructure had still been public property, local authorities would have been in a better position to give rival electricity suppliers equal rights, and guarantee them fair conditions of competition and reasonable fees for their use of the grid.

The water supply is a different matter altogether. Water can only be delivered via the mains network, which means that it cannot be

liberalised because different suppliers would not be allowed to pump their water through the same pipelines for reasons of hygiene. While the mayor himself talks about a “material privatisation”, Stuttgart’s leading councillor, Michael Föll (CDU), who sits on a further 30 advisory and regulatory boards, continues to reassure the public in an unflinching manner, as he did in the *Stuttgarter Wochenblatt* in June 2004: “*Nobody can buy or sell water in Germany. Stuttgart City Council did not sell the town’s drinking water three years ago. Our constitutional law prohibits this even.*”

6.4 Signs of the Decline of Political Culture

The sell-out of municipal infrastructure heralded in a new phase in the decline of political culture. If we study the chronological order of events and the *modus operandi* of the protagonists, we cannot help suspecting that, in the course of many years, politics and the business sector have become inextricably entangled in one another in Baden-Württemberg – and Stuttgart in particular – because politicians have been performing parallel duties in government offices and on supervisory and advisory committees. For years, the transferral of public property into the hands of private companies had been carefully planned in backrooms, without any participation by the townspeople and using means that are not readily comprehensible. Those directly responsible were spurred on not least of all by their own personal interests in the form of consultancy contracts and supervisory mandates. Behind all of this lies a structural deficiency: the power of elected politicians has not been defined clearly enough, adequate restrictions have not been put in place, the public is no longer able to amend the situation when things go wrong, and opportunities for “white corruption” provide politicians with almost unlimited sources of secondary incomes.²⁰

In May 2004, Mayor Schuster wrote a letter to the *Stuttgarter Wasserforum*, striking back at criticism expressed by the group: “*You will understand why I am protesting about your contentious remarks.*”

With regard to our water supply, a lot of scaremongering has been going on, spread by the Wasserforum in particular but also by other groups bringing dishonest arguments to bear. [...] Your queries about the value of our water supply infrastructure are an intrusion on the business interests of the companies involved and so I cannot therefore answer them. [...] We should not allow this precious possession [the water supply] to be harmed by disputes and the racket of electioneering.”

The conflict of interests, into which the mayor has manoeuvred himself, is clearly visible from these statements. He sees himself first and foremost as being answerable to EnBW’s desire for discretion, in others words to the purchaser, and not to the legitimate interests of the citizens who elected him into office and who pay his salary – and whom he is duty bound to serve on account of his oath of office. Another fact weighing equally heavily is: these assets were built up and paid for by generations of taxpayers.



Activists from the Stuttgarter Wasserforum outside the Town Hall in Stuttgart with their “Citizens’ Petition 100-Wasser” banner calling for the 100 per-cent remunicipalisation of the city’s water supply (photo: Stuttgarter Wasserforum)

In gross contradiction to the oath of office and local government code requirements, the interest which the public has in being informed about decisions and having some measure of control – without which

there can be no real democracy – is being ignored here in favour of the private interests of a commercial business partner. In the same letter, Schuster answers questions about his job at EnBW: *“I sat for a while on the supervisory board at EnBW AG. As a representative of Stuttgart City Council, I spoke for the interests of the town. Following the sale of the shares, I resigned.”*

What the mayor omits to mention is the fact that he continues to sit on EnBW’s advisory committee and that the company pays him for his “advice”. Likewise, he conceals the fact that he is also a member of the advisory board at EnBW Regional AG.²¹ The question arises as to why the mayor’s posts at EnBW are not listed on the council’s homepage along with his many other “supplementary functions” and “memberships”. Considering how he, as mayor of the city, was responsible for selling off the entire gas, water and electricity infrastructure, such transparency would have been more than appropriate. It is this kind of white corruption, i.e. office-bearers being offered side jobs in return for payment, which is undermining democracy and which will eventually destroy it.

According to press reports, EnBW has meanwhile halted all payments to its over 800 regional advisors and consultants – in other words politicians – pending the results of an investigation by the Ministry of the Interior into the legality of such remuneration.

To this day, politicians have not yet shown themselves willing to acknowledge the problematic nature of white corruption. Rezzo Schlauch is not the only Green politician with a positive approach to privatisation. When Stuttgart’s water supply was in the process of being sold, the Green fraction expressed its “unlimited praise” for Mayor Schuster and announced: *“We have settled all aspects relating to Stuttgart in a positive way, [...] therefore all that remains to be said from our point of view is: as soon as possible.”* A schizophrenic balancing act by a political party once opposed to atomic power stations – considering how EnBW is the German energy company which supplies the highest percentage of electricity generated from nuclear power, and also bearing in mind that the EDF, EnBW’s principal stakeholder, with 58 reactors to its name, is the largest producer of

atomic energy worldwide. Rezzo Schlauch is certain to be aware of all this, as former leader of the parliamentary fraction of the Green Party, first in the Landtag (state parliament), then in the Bundestag and later on as Permanent Secretary in the Ministry of Economics. He now sits on the advisory board at EnBW. In any case, when he professes to be arguing the case for renewable energy, he does not sound at all plausible.

6.5 Taking Legal Action Is Pointless

During the debates about the water supply, members of the Stuttgarter Wasserforum found themselves facing legal action, not for having pocketed money from EnBW for “consultancy services” but for reasons which the authorities obviously find more dangerous: in one case, preliminary proceedings were instituted by the public prosecutor, because four members of the group had distributed pamphlets in Stuttgart about the sale of NWS. The heads of the town regarded this as a “meeting” of more than three persons which, under sections 14 and 26.2 of the Law of Assembly, should have been registered in advance. Fortunately, the public prosecutor’s office in Stuttgart halted proceedings.

In another case, the critics of privatisation were not reported to the police but were instead discredited in no uncertain terms by the Ministry of Culture and Education, which issued a statement to hundreds of schools in its brochure *Aktuelle Tipps*²²: “*Is scientology the force behind the Stuttgarter Wasserforum?*” What had led to this was the fact that one member of the Water Forum had given a talk on the sell-off of Stuttgart’s water supply in rooms sometimes used for scientology meetings. When we demanded an apology, we were told that the ministry had not asserted this at all but had merely raised the question...

Those responsible for the interpretation of the law are much more liberal-minded when they see their own interests threatened.

In October 2004, the Water Forum brought charges against Mayor Schuster for using taxpayers' money to print 300,000 flyers during the heated phase of local election campaigning, in which he countered arguments against the sale of the water supply, intent on conveying the image of perfectly-organised public services. We found this objectionable because the Federal Constitutional Court had ruled that an office-holder is not allowed to use public money to finance propaganda material in the crucial phase of an election. Schuster's immediate rival, the SPD party, had taken a more critical stance on the water privatisation issue.

EnBW and the city council found themselves facing a further charge when a full-page, four-colour advertisement for EnBW appeared in the "Official Announcement" section of the *Stuttgart Gazette*. The council counterattacked our accusation, saying that EnBW was legally required to publicise certain details once a year relating to water purity. This was what the company had done and the four-colour page had thus been an "official announcement". In both cases, proceedings were abandoned.

At legal level, the Stuttgarter Wasserforum has made no real progress to this day. Even its appeal to the Committee on Petitions in Baden-Württemberg, demanding that the deal be reversed, was unsuccessful. Every single point of concern about the legality of the sale, the evaluation of the NWS shares as well as quality safeguards were finally dismissed after a processing period lasting a whole year: "*Stuttgart City Council was acting within the framework of municipal self-administration when it decided to sell its shares in the enterprise.*"

The sections of the law governing public services in Germany are so vague that it is impossible to know for certain what local authorities are allowed to sell and what not. On top of this, the clandestine nature of the privatisation contract does not allow anyone to investigate more closely whether or not applicable law has been breached. Section 92 of the local government code in Baden-Württemberg states that public property can only then be sold when it is "no longer required". This objection was also shot down by the Committee on Petitions: "*A violation of section 92 of the local government code has not been*

committed, since an asset is no longer required if the effective and economic fulfilment of duties can be carried out satisfactorily without it.”²³ This means that the water supply is no longer needed because it is now being operated by EnBW – circular reasoning of the most questionable kind.

As a result of its protests in 2003, the Stuttgarter Wasserforum was at least able to play a decisive role in stopping another CBL deal at the last minute. Stuttgart City Council had planned to “lease” 27 of its schools and administrative buildings.

6.6 The Risks Involved in a Complete Sell-out

The main problem involved in the sell-out of a water supply and distribution network such as the one in Stuttgart, is the same all over the world: a profit-orientated company, in this case EnBW, is driven to make ever-increasing profits and will stop at nothing to do so. This can only be achieved by raising prices, reducing replacement investments and/or laying off employees.

The fact that capital-rich investors are already lying in wait in anticipation of high yields – despite all declarations about how private suppliers are not allowed to “maximise their profits but only to demand the amount that they actually spend”²⁴ – is documented by statements made to the *Bild Zeitung* on August 16, 2004 by Lothar Späth, former head of government in Baden-Württemberg: “*The state is up to its eyes in debt. It possesses, however, countless public utilities and institutions.[...] These must be privatised, that will bring the money rolling in. [...] For example, the Bodenseewasserversorgung (BWV) could be privatised [...] and shares could be sold. I personally would be the first one to buy them.*” At that time, Späth was the German vice-president at Merrill Lynch, one of the world’s largest investment and consultancy companies.

Having local government monopolies in the public service sector is a truly wise and far-sighted practice in the best sense of these words.

Turning these into private monopolies inevitably leads to social problems. The public is forced to pay for ever-increasing corporate profits. One extremely serious problem on top of all this is the loss of any kind of co-determination and control, in other words, the loss of democracy. Decisions affecting our elementary human requirements must be made democratically by the people.

Delegating the control of private operating companies to supervisory boards and other consultancy groups is a mistake in two respects. When, as in the case of Baden-Württemberg, politics and the business sector are so thoroughly intertwined, any control over companies not only disappears but the exact opposite takes place: politicians with close ties to companies allow business interests to shape everyday politics. In addition to this, the technical and legal surveillance of the council's business transactions is paralysed when office bearers from ministries are rewarded – financially or otherwise – for the work they do on corporate advisory boards.

The system of holding local citizens' referenda to prevent the looting of public property hardly stands a chance of being implemented in Baden-Württemberg. The state constitution makes this kind of public involvement in decisions concerning our essential public services and public assets almost impossible. The quorum, i.e. the percentage of the electorate necessary for any ballot poll is too high. This should be lowered so that responsible citizens are able to intervene effectively, as they are in Bavaria.

Neither does Baden-Württemberg's local government code allow citizens sufficient right to sue in the case of a – possibly – illegal sale of public assets. What we need here are clear regulations strengthening the rights of the citizens.

The nondisclosure of contracts and expert opinions in connection with the sale of municipal infrastructure, but also in connection with CBL deals, is totally and utterly unacceptable. Democracy can only function when the public are exhaustively informed about ownership structures or planned sell-offs and if they can effectively intervene should things go wrong.

It is only natural in a prosperous city like Stuttgart that price increases do not lead to immediate protests like they do in poorer

states. However, with unemployment figures on the rise and the subsequent loss of income, this situation could change very quickly indeed. It would have been inconceivable only a short while ago that the water supply network in a metropolis like London could fall into such a state of decline after being privatised, that the Olympic Committee had to consider this a drawback when judging London's application to stage the Olympic Games.

In any case, by selling its infrastructure, Stuttgart City Council has made it more difficult to grant the franchise it allocated to EnBW, due to expire in 2013, to any other supplier because this would have to go hand in hand with an extensive transfer of ownership to the successor – a real hurdle but one which could be taken. Were further EnBW shares to be sold to foreign investment institutions or hedge funds,²⁵ however, the matter would become even more complicated.

Sooner or later, Stuttgart is going to feel the stranglehold of the private operating company and will have to confront the big question of how to regain possession of the supply networks and, above all, the water supply itself. At present, there would seem to be two possibilities: either by means of political majorities in favour of terminating the privatisation contracts or via a local citizens' referendum which, if successful, could lead to remunicipalisation. We can only hope that sufficient social forces will intervene and help to return the water and energy supplies – as well as the shares in the special-purpose associations – to local authority control.

In autumn 2006, discussions about the four largest German energy companies RWE, E.ON, Vattenfall and EnBW livened up once again. The German Minister of Economics Michael Glos (CSU), the Hessian Minister of Economics Alois Rhiel (CDU), together with almost all members of the state government of Baden-Württemberg and Reinhard Löffler (CDU) from Stuttgart City Council, made a united stand against excessive energy prices: the government had handed out emission rights free of charge to the energy giants, thus presenting them with gifts to the tune of billions of euros and now these were being added on to customers' bills as opportunity costs. Price controls, which had only just been abandoned in Baden-Württemberg, would

not need to be reintroduced but the monopolies commission should be granted greater powers to monitor the situation. The politicians recommended that customers change their supplier and only pay higher prices if the company had proven these to be appropriate. Here we have politicians who have been selling off public property for years - resulting in this lamentable loss of power - publicly displaying their indignation at the exorbitant energy prices which they themselves are jointly responsible for.

The Mayor of Stuttgart, Wolfgang Schuster, whose praises have been sung over and over again in economic journals, is an extremely astute master of the art of demagogic thimblerrigging. (This refers normally to a sleight-of-hand game where you have to guess under which of three thimbles or shells a pellet is hidden!) Speaking at the annual general meeting of the BWV in November 2006 – having himself sold off the city’s water supply as well as municipal shares in the special-purpose associations – he said that he was against the privatisation of the water market because the distribution of water from Lake Constance via the special-purpose association supported by towns and villages, was both practical and efficient.²⁶

Finally, on the city’s homepage, the public are being completely and thoroughly misled. Under the heading “Drinking Water in Stuttgart”, claims are made that: *“As far as pricing water is concerned, EnBW is not free to do as it pleases. Because we cannot choose our supplier, we have laws which stipulate that prices cannot simply be raised at will. Those companies which operate water supplies set their prices according to the break-even principle. They are not permitted to maximise their profits and are only allowed to charge for expenses actually incurred.”*

You do not need to have studied law, administrative leadership and international economic policy, like Schuster has, to recognise that these assertions are anything but the truth. EnBW boss Claassen is proud that his company was able to announce record profits of more than €1 billion in 2005. In its annual business report it says: *“We intend to become the competitor with the highest relative earning power in the industry.”* In other words: EnBW cannot possibly function according to the break-even principle, as a local authority utility does. Instead, its

sights are set on maximising its profits – which it is certainly doing – and consumers are left to foot the bill.

Even a successful top manager like Professor Dr. Utz Claassen can get himself entangled in the political undergrowth. *“Because Claassen had sent vouchers for 2006 World Cup matches, each worth more than €2,000, to six members of the Baden-Württemberg government and a permanent secretary in the federal government – all of whom were mandate-holders at EnBW – the public prosecutor’s office in Karlsruhe was investigating him on charges of granting an undue advantage, punishable under section 333 of the criminal code. Baden-Württemberg’s head of state, Günther Oettinger was also one of the lucky recipients of Claassen’s vouchers. In July 2006, main proceedings were applied for at the criminal matters division of the provincial high court in Karlsruhe, but were only initiated with restrictions at first. Due to an appeal by the public prosecutor’s office in Karlsruhe, however, they were finally authorised without restriction by order of the 1. criminal division of the provincial high court in Karlsruhe.”*²⁷

The whole affair is even more vexatious since Claassen had just acquired the title of FIFA WM 2006 national sponsor – for over €10 million: *“... As national sponsor of the WM, we would like to share this enthusiasm with all our customers and everyone in this country.”*

On June 19, 2007, EnBW announced that, for “structural, professional, personal and family reasons”, Utz Claassen would not be available for an extension of his contract, due to expire on May 1, 2008. He regarded his “mission” as accomplished and would be devoting himself to other matters when his term of office was over.

Let us now return to Mayor Schuster, that virtuoso of balancing tricks who, in addition to his own everyday duties, has set his sights on the ultimate goal. He intends to help the poorest of the poor in our world and “offer men and women all over the globe a future worth living”. In summer 2005, acting as patron of “Stuttgart’s One World Partnership”, he announced a municipal programme of world aid and expressed the wish to cooperate with some 150 experienced partners – such as the GTZ and other local business enterprises, the accountants Ernst & Young, the BMZ, the EU Commission, numerous NGOs, e.g.

“Bread for the World” and others. The aim was to “build bridges to the outside world”, make globalisation compassionate, enter into partnerships all over the globe and “assist” developing nations with their water supplies, among other things. Within the framework of the UN Millennium Development Goals 2015, private companies should also be involved.²⁸

Compare this with the slogan on the colourful postcards promoting Schuster’s vision: “*Water belongs to everyone. Stop the privatisation of ground water.*”

6.7 The Remunicipalisation of Stuttgart’s Water Supply (Status Quo: September 2009)

Stuttgart is in many ways a very special case. Remunicipalisation will prove extremely difficult indeed after the complete sell-out of the gas, electricity and water supply networks, since the present owner, the EnBW Group, bought them “bona fide” and so the “booty” cannot just be taken away from it again. It would be almost impossible to push ahead with legal expropriation. At the time of sale, however, EnBW acquired a concession for the water supply which is due to expire in 2013. Two years prior to expiry, i.e. 2011, tenders must be invited for this concession, which can then be granted to another party.

With this in mind, the Stuttgarter Wasserforum decided to initiate a public petition for a referendum aimed at preventing the concession being granted anew to EnBW. The ultimate goal is the remunicipalisation of the water supply, which could then be operated by the local authorities via their own public utility companies. We named this petition “100-Wasser”, alluding to the fact that our politicians had already offered to remunicipalise 50 per cent of the water supply.

Collecting signatures for the petition is being complicated by the fact that our local political parties had themselves put forward applications for remunicipalisation, which have not yet been voted or decided on. The public is thus under the impression that everything is “being taken care of” and that collecting signatures is superfluous.

We have learnt yet another lesson from all of this, however: politicians worded their remunicipalisation applications in a very cunning way, carefully concealing expressions such as “our own public utility companies, but in cooperation with strategic partners”, thus creating a useful loophole. This kind of wording would have allowed EnBW to carry on its operations even after remunicipalisation of the supply network and to rake in further massive profits. That is why we stated in the text of our petition that the municipality would be responsible for operating its own water supply *without* any involvement by private firms and large companies – just to be on the safe side!

No doubt the battle in Stuttgart will continue to be a fierce one because the power of decision at EnBW lies with EDF (Electricité de France), the largest operator of nuclear power stations worldwide. It is in EDF’s own interest to own as many electricity supply networks as possible so as to be better equipped to sell its French nuclear-generated power. EDF is likewise interested in prolonging the life-span of its nuclear power plants and even in conjuring up an atomic renaissance!

Returning the actual water resources themselves to the public sector will be an even harder nut to crack since Stuttgart City Council did not merely sell the infrastructure, but also the subscription rights relating to the water extracted from Lake Constance. In Baden-Württemberg we have a so-called long-distance water supply, which provides more than 300 towns with water. There is no concession, however, for these rights and so the only possible way to buy them back would be via negotiations and as the result of strong public pressure.

www.unser-aller-wasser.de (German)

www.hundert-wasser.org (German)

CROSS BORDER LEASING – FICTITIOUS DEALS INVOLVING INCALCULABLE RISKS 7

The term “Cross Border Leasing” (CBL) sounds harmless enough, conveying as it does the impression that objects are being leased internationally. The motive behind any CBL transaction, however, is not to actually rent, lease or purchase an object but rather to gain tax privileges amounting to millions of dollars. This is achieved by faking investments with economic substance via a leasing contract which is valid for 99 years. The fact that lessor and lessee are not based in the same country allows differences in national fiscal law to be exploited.

The U.S. Wachovia Bank, for example, paid no taxes at all in 2002, despite realising profits of over \$3 billion. This tax write-off was in part possible because of CBL contracts involving the sewerage system of the city of Bochum, trams and many other assets. Every year, financial damage to the tune of several billion dollars is accumulated in this way for U.S. taxpayers. CBL deals are therefore typical sham transactions, designed for the sole purpose of tax evasion. In almost every legal system in the western hemisphere, including the USA, transactions like these cannot be used to write off taxes if they have no genuine economic substance and only serve to harm the national economy.

Proponents argue that everything was concluded quite legally under U.S. law. This “modern financial instrument”, however, has been linguistically face-lifted to “optimisation of taxes”, “tax modification”, “U.S. special funding” or even “optimisation of tax expenditure”, in a painstaking effort to whitewash its dubious character.

Due to the enormous complexity of CBL transactions, it will only be possible to outline their basic structure in this chapter.

7.1 How to Avoid Paying Taxes and Make Fantastic Profits at the Same Time

It is a well-known fact that, in the world of high finance, earning huge amounts of money is not an end in itself – profits have to spiral ad infinitum. To achieve this, two measures are necessary: expenditure must be reduced and earnings increased. Paying taxes comes under the heading “Expenditure”. Under normal circumstances, companies which make billions of dollars of profits would find themselves shouldering a very heavy tax burden indeed.

In order to stem this “bleeding”, inventive men of the law (“legal eagles”), in collaboration with business consultants, developed the “Cross Border Leasing” model, also known as “Lease in/Lease out”, “LiLo” or “Service Contract”. This is how everything works: for a particular CBL deal, a trust company is set up by a U.S. investor, which may be a bank, an insurance company, a fund or any other kind of business. The trust preferably has its headquarters in the U.S. state of Delaware, which is a veritable tax haven inside the national boundaries of the USA. Around 200,000 companies, among them 500 of the biggest U.S. business enterprises, are based in Delaware, a state with a modest population of 820,000.²⁹

CBL transactions can involve waterworks, trams, fair pavilions, sewage works, residential or functional buildings, rail networks, water or electricity mains networks, refuse incinerating plants and a whole variety of other assets. Deals with local government bodies in Germany are particularly sought after because these authorities cannot file for bankruptcy. It is quite conceivable that a U.S. trust might one day claim compensation from a German city, let us say for breaches of contract. Should the local council plead insolvency, the responsible provincial state would be called upon to accept liability for the damages incurred. If this move proved fruitless, the matter would then be handed on to the German government. In any case, taxpayers would have to foot the bill one way or the other.

In CBL deals, profits are split unevenly: the U.S. trust keeps the lion’s share, the German municipality receives between 2-8 per cent

of the transaction volume and the brokers, consultants and lawyers together pocket a similar sum.

In the USA, the leasing of an object – for example, a German sewage works for a period of 99 years – is treated in the same way as an acquisition and is therefore tax-deductible. The U.S. trust is thus granted a legal status which unambiguously makes it the owner of the sewage works as an economic asset. This is necessary in order to obtain such tax advantages in the USA. On conclusion of the deal, the U.S. trust pays the full “purchase price” directly to the German municipality or else to an intermediary bank, the so-called “performance of contract bank”. At the same time, the municipality leases back the object and receives ownership rights and usufructary rights which derive, however, from the U.S. trust’s legal status. In Germany, the object remains local authority property, not only under commercial and civil law, but also in rem. German politician-protagonists are always particularly keen to underline this in their attempts to make it perfectly clear that they have not sold the object, e.g. a sewage treatment plant, but merely “leased it out”. They point out that the municipality is still named in the cadastral register. Although this is true, it would have no bearing whatsoever on any legal disputes because the contracts were concluded under U.S. law (case law).

This paradoxical twin-ownership construction allowing for a double tax write-off is a peculiar set up which undoubtedly flies in the face of reason. The experts, however, are proud of their highly complex model and emphasise that twofold write-offs of this nature are not prohibited under the various legal systems.

All CBL contracts are kept top secret. The public has no access at all to the documents and can only speculate as to the details of the arrangements. There is every reason to believe that the U.S. trust not only owns the object in economic terms but also as an in rem asset. Recent incidents have shown that the U.S. trust probably has the actual physical control of the property. The creditworthiness of cities and provincial states is usually stated in the contract. In 2001 and 2002, for instance, Dortmund concluded CBL contracts involving its suburban railway and the Westphalia Hall. When the rating agency Standard &

Poors downgraded the financial standing of the state of North Rhine-Westphalia, the easement had to be entered in the cadastral register at the beginning of 2005 and the U.S. trust was awarded the power of disposal with regard to the operational running of the objects.

It is not only local government bodies, however, who have participated in CBL deals. Less well-known is the fact that the Red-Green German government under Chancellor Schröder concluded fictitious transactions with the German air traffic control, Telekom, the German postal service and German Railways. During the parliamentary election campaign, Schröder had promised the electorate “social justice”, a two-faced pretension in the light of such transactions. Social justice is not brought about by condemning the “locusts” on the one hand and then coordinating the transatlantic “ravaging of crops” on the other.

7.2 Dishonest Dealings at the Taxpayer’s Expense

Since the 1990s, local authorities in Germany have enthusiastically entered into CBL deals and insiders suspect that more than 200 of these contracts exist. In 2004, the industry came to an abrupt standstill when the U.S. senate and House of Representatives issued a decree explicitly prohibiting CBL contracts, a move initiated by U.S. senator Chuck Grassley, who referred to CBL transactions as “fiddling” at the taxpayer’s expense. His colleagues regarded them as a form of systematic tax evasion. The German politicians responsible for the deals were far more open-minded in their approach, taking the view that, if something is not specifically illegal, then it cannot possibly be immoral.

Since 2005, there has been a new development, which is making local government bodies feel very nervous, even if they are not prepared to admit it. The American Internal Revenue Service (IRS) decided that all existing CBL transactions are to be classified, on principle, as improper tax evasion, if there is no genuine economic substance involved. This applies in particular to the earlier contracts, concluded between 1996

and 2003 – in other words, to almost all German CBL deals. The desired tax benefits are now no longer guaranteed.

It remains to be seen how the U.S. business partners will react to this. Against the background of lost tax privileges, fears are justified that they will either endeavour to find an excuse to annul the contracts or else to provide proof that the German municipalities have committed breaches of contract and subsequently demand huge financial penalties. According to the *taz* newspaper of November 13, 2004, the Bavarian Ministry of the Interior had warned that this development might occur. As the chartered accountant Arnd Bühner of Ernst & Young confirmed, German city and town treasurers have recently been receiving mail from the IRS, informing them that the leasing transactions were being looked into more closely. In 2005, U.S. tax authorities wrote to Düsseldorf City Council, which had leased its sewerage network and sewage purification plant, asking for certain information. Because the councillors themselves did not know enough about their CBL deal, they engaged the law firm Allen & Overy to make their statements for them.

The position taken by the highest U.S. tax authorities on the subject of CBL transactions is not so new that politicians in Germany could not have been aware of it. On March 11, 1999 – long before Chuck Grassley’s draft was conceived – a resolution was passed by the IRS prohibiting Lease in/Lease out (LiLo) deals under section 467 of the Internal Revenue Code, on account of their lack of economic substance.³⁰ This did not, however, cause the artful brokers to abandon their efforts. They continued to work with Service Contracts until 2003 at least, developing even more hair-splitting constructions in the process.

In addition to the amendments to U.S. law which came into force at the end of 2004, there is the risk that withholding tax may be introduced in America. In a Stuttgart City Council memorandum on the subject of CBL deals, we can read: “*In the highly unlikely event of the introduction of withholding tax, the lessee has the precautionary right to replace his chosen financial institutes by others whose headquarters are situated in areas where jurisdiction is neutral with regard to withholding tax or*

where a Double Taxation Agreement exists.”³¹ In other words, should problems arise, the council would be free to choose a bank in a tax haven.

The actual draft of the resolution for the CBL deal involving the Stuttgart sewerage system and installations specifies: “The council will carry the risk of an amendment in legislation with regard to possible U.S. withholding tax, the introduction of which is generally believed to be improbable. Furthermore, the council will be liable in the case of any amendments to German law or any other jurisdiction linked to the transaction.”³²

Statements made by Baden-Württemberg’s Ministry of the Interior also confirm that local government bodies, as a rule, “carry the risk of an introduction of withholding tax in America”.³³

7.3 When the Tax-Evading Tail Wags the Public Dog

It is absolutely unacceptable that sham transatlantic deals are responsible for tax evasion involving billions of dollars or euros while, at the same time, honesty in tax matters is being demanded of medium-sized and small businesses – and all ordinary citizens! As far as any reproaches about the lack of taxpaying morals are concerned, Dr. Löffler (CDU), Stuttgart councillor and member of the state parliament, holds the view that “avoiding taxes and exploiting financial opportunities” is not a question of morals: “It is rather a question of morals when opportunities for tax concessions are not grasped and debts are incurred at the expense of future generations. It is the duty of conscientious (local authority) economic policy to examine the legal financial possibilities and to exploit them when appropriate.”

In other words: laws are there to be bypassed whenever possible and legal loopholes are there to be exploited. It is a positively ludicrous situation, when local politicians can be heard lamenting the very revenue losses which they themselves have helped to bring about by taking advantage of “legal” forms of tax evasion.



A protective human chain encircles the Bismarck School in Stuttgart Feuerbach. The city council had planned to sell this school along with 26 others in Cross Border Leasing deals (photo: Stuttgarter Wasserforum)

It is possible that private enterprises, too, have long since discovered similar forms of “tax optimisation” and are causing hitherto unknown amounts of revenue losses through CBL deals. Critics suspect that banks such as the Deutsche Bank, various provincial state banks and Debis (DaimlerChrysler) are using highly complex constructions to write off investments in connection with CBL transactions, for example via “intermediate companies” in tax havens such as Bermuda or Barbados.

The Deutsche Bank, which has been particularly active in CBL deals, was able to declare profits of €3.6 billion for the fiscal year 2002. Only around 400 million of these poured into the tax office, however, representing a taxation rate of 11 per cent. The top rate of taxation for 2002 stood at 48.5 per cent. This discrepancy can only be explained by the fact that those companies which anyway rake in astronomical profits are able to dip into a box full of tax-depreciation tricks in order to secure tax benefits for themselves.

In several cases, insiders suspect something even more spectacular: that there is no U.S. investor involved at all and that German financial institutions are feigning trusts in the USA, using the CBL detour to shake off their tax load in Germany.

7.4 **Contract-Related Pitfalls – The Public Is Left Empty-Handed**

In more ways than one, it is the citizens of Germany who have been defrauded by these CBL deals. The premature ending of such transactions by amendments made to U.S. legislation, for example, will cost local authorities millions of euros: there will have to be ongoing inspections of the leased objects by specialists and lawyers in order to prevent the U.S. trust in question claiming for damages.

At the very least, inspections have to be carried out for between 25 to 30 years – this is the basic term of tenancy, after which the option exists to either buy back the asset or terminate the contract. Unless the transaction is reversed by mutual agreement, inspectors will have to carry out their work for the entire contractual duration of 99 years. Leipzig is one example of how local government officials are striving to reverse these deals. At the end of 2005, the managing directors of the city's transport services and waterworks conducted initial negotiations in Chicago and New York.³⁴

For a period of 99 years – or a minimum of 25 to 30 years – the leased assets have to be kept in operational condition and, above all, in their original state, regardless of whether they are needed or not. This restricts the amount of leeway which town and city councils have. In Berlin, defective and superfluous trams had to be repaired and put into storage, in keeping with contractual conditions.³⁵ In Stuttgart, where authorities still maintain that they have unlimited scope for action, the construction of a bridge could not go ahead because permission was not granted to erect one of the piers in the grounds of a leased sewage works.³⁶

One other question which is difficult to answer is: What would happen to Stuttgart's infrastructure in the case of an economic crisis

(not to mention a national bankruptcy like the one in Argentina)? According to the logic of CBL contracts, the assets would be taken over and operated by the U.S. trust in the case of insolvency. We can only speculate about what the actual consequences would be. Likewise, insolvency on the part of the U.S. trust or the intermediary bank could cause tremendous problems for Stuttgart City Council.

The aftermath of the deals will only become fully recognisable if and when an emergency arises. As a rule, those responsible have not even read – let alone understood – the wording of the contract, which was drawn up in English and to which the public must have no access under any circumstances. Most CBL contracts are more than a thousand pages long and have only been translated in part. It is apparently perfectly normal nowadays to make decisions based on a synopsis of the contractual set of agreements. These summarised descriptions of transactions, however, have often been formulated by the very people who stand to profit considerably from the deals and who therefore do not have the necessary impartiality.

Another aspect of CBL transactions is the unacceptable loss of democracy caused by the nondisclosure of documents. Any control the public may have had is checkmated. There is no way of ascertaining whether or not corruption is at work and if so, where it lies and how much money is involved. This secrecy alone is enough to nurture suspicions because no plausible reasons have yet been given as to why this should be the case. Events surrounding Leipzig's CBL deals reveal that such wariness is not completely unfounded. The managing directors of the city's waterworks and transport services were treated by the investor to transatlantic Concord flights and invited to the exclusive Burj-al-Arab Hotel in Dubai. When questioned by the public prosecutor carrying out inquiries, one of the directors explained that his new Lange & Söhne wristwatch – worth €19,000 – had been a present from his wife.³⁷

7.5 Short-Sighted Policies – Long-Lasting Risks

Under the umbrella of the German Association of Cities and Towns, 25 German towns have already joined together in a “union of convenience”. They intend to exchange information about how best to protect themselves should the U.S. investors approach them demanding compensation.

The end of CBL transactions does not in any way mean that all danger has been averted, because risks will remain for the entire period of contractual validity. The brokers, banks, management consultants and specialist lawyers who have earned so much as a result of these deals will almost certainly do their utmost to develop similar “products” in future. That is why it is our right and our duty as citizens to track down and put an end to any new forms of “tax optimisation”. How the general population views CBL deals can be seen from the results of a local citizens’ referendum held in Bergisch-Gladbach, where the council was planning to lease the sewage purification plant and the sewerage network. In September 2003, 96.5 per cent of citizens voted against the deal and the project was thwarted.

Numerous public figures also evaluate the issue critically. Wolf Klinz, President of the Chamber of Commerce in Frankfurt, spoke out against CBL transactions, which he described as foolhardy.³⁸ Gerhard Stratthaus, Baden-Württemberg’s Finance Minister,³⁹ voiced a similarly sceptical view and Heinz Strobl, head of the local government economics and finances department at the Ministry of the Interior, said: “Diverse breaches of contract or even a disruption in efficiency could well result in the loss of municipal autonomy.”⁴⁰ Rudi Arndt, retired state minister and former Mayor of Frankfurt, was even harsher in his criticism of the CBL transaction involving the city’s underground, calling it “a lousy deal in every respect”.

Let us allow Wolfgang Schuster, Mayor of Stuttgart, to have his say at the end of this chapter: “The trick involved in this financial deal is that the German contractual partner remains the economic and civil law owner of the leasing objects.”⁴¹ Roughly three years later, the same mayor stated in an interview about plans which had fallen through

to build a bridge in the grounds of a leased sewage treatment plant: “A conflict of interests exists with regard to the planned North-East bypass near Remseck. One of the piers for the marked-out route was supposed to stand in the grounds of the sewage works in Mühlhausen – this will not be possible because the grounds are no longer municipal property.”⁴²

It may be assumed that very few politicians – if any at all! – ever read, let alone actually understood the CBL contracts to which they put their signatures. That is seemingly why they are constantly being taken aback by the consequences of their own deeds.

“We may be in the universe as dogs and cats in our libraries, seeing the books and hearing the conversation, but having no inkling of the meaning of it all.”

William James, U.S. psychologist and philosopher; professor
at Harvard University until 1907

7.6 CBL Deals Have Been Declared Illegal in the USA – What Now?

In 2003, when we first started to criticise the Cross Border Leasing contracts, local politicians accused us of polemicising, and misinforming and lying to the public, as well as incitement. They informed us that leasing transactions of this nature were perfectly normal and that the risks involved for the contractual duration of 30 or 99 years were “controllable”, purely theoretical and might just as well be ignored.

Such deals simply provided a means of “optimising” or “re-organising” one’s taxes.

During the heated debates which took place, I held the view that all CBL deals, whether LiLo, SiLo or Service Contracts, were inadmissible because they were sham transactions with no economic substance whatsoever of the kind described in the doctrine of substance over form. Those politicians responsible for the CBL deals argued that this did not apply to their contracts in any way.

Meanwhile, the facts speak for themselves. In the middle of 2008, Douglas Shulman, Commissioner of the IRS, the U.S. agency responsible for tax collection and tax law enforcement, requested the around 100 U.S. investors to definitively and voluntarily end their CBL contracts by December 31, 2008, otherwise these contracts would be rescinded via official channels. This is what he wrote on the IRS website:

In the last several years, the IRS has reinvigorated its enforcement program. A major part of this has been the IRS’ stepped-up efforts to detect and deter aggressive tax shelters. We have been particularly effective in rooting out these tax shelter transactions. And I have said publicly that during my tenure here at the IRS, you can expect these efforts to continue. Promoters and participants in aggressive tax shelters should know that the IRS will remain vigilant.

Our success in uncovering tax shelters, however, is just the start of the process of resolving these problems. Today, I am pleased to announce that the IRS has decided to launch a settlement initiative for both Lease-in/Lease-out (LiLo) and Sale-in/Lease-out (SiLo) transactions. Under the initiative, more than 45 of the nation’s largest corporations that participated in these shelters will receive a letter with the offer. Shelter participants will have 30 days to make a decision to accept the offer.

To refresh everyone’s memory: LiLos and SiLos involved complex and convoluted purported leasing arrangements in which some of the nation’s largest corporations supposedly leased or purchased large assets, such as foreign rail systems or sewer systems, and immediately leased them back to their original owners. Under the

arrangement, these corporations, which include companies in the Fortune 500, buoyed their balance sheets by gaining billions of dollars of tax deferrals. Using LiLos and SiLos, these companies, including many of the nation's top banks, put off the recognition of current income for tax purposes for many years.

The IRS designated LiLos as "listed transactions" in 2000. SiLos were designated in 2005. Since then, the government has gone to court and successfully challenged these deals as having no purpose other than creating tax benefits. But there are hundreds of these transactions that have yet to be fully examined and/or adjudicated. With the government's recent victories in court demonstrating the strength of our position, the time has come to find the most effective way to resolve these existing disputes. As IRS Commissioner, I believe that the settlement initiative the IRS is offering today achieves this.

The public has a right to expect that large corporations be good corporate citizens and meet their compliance obligations. The nation's leading commercial enterprises have the legal and accounting resources to take full advantage of favorable provisions of tax law. But they are not entitled to use their extensive resources to twist provisions of tax law to the point that they no longer reflect the Congress's intent. As a basic matter of fairness to all taxpayers, the IRS cannot allow LiLo and SiLo deals to stand. The time has come for these shelter participants to put these cases behind them. The best way for them to do so is to act on the settlement offer they will now receive.

On October 21, 2008, the IRS announced that 80 per cent of U.S. investors, mostly banks such as Citigroup or Wachovia, had already consented to the settlement offer and thus been granted immunity from prosecution.

One major reason for this "insightfulness" was probably the verdicts of U.S. courts which refused to grant tax privileges with regard to CBL deals. The district court of the Northern District, Ohio, pronounced a decisive judgement on May 28, 2008, with the reference: Case No.

1:07-CV-857. The AWG Leasing Trust, a letterbox company of the U.S. Key Bank and the Pittsburgh National Corporation (PNC), who were partners in a CBL deal involving the refuse incineration plant in the German city of Wuppertal, had taken legal action against the USA.

The two U.S. investors were intent on getting the court to recognise their claims of \$88 million in tax benefits for the years 1999-2003, which the IRS had already refused to do in 2006. The court agreed with the IRS ruling, describing the transactions as shady bogus deals with no significant economic substance. The sale and transfer of ownership had been merely feigned. The “circular” cash flow between the banks and investors indicated this and the investors’ “borrowing” did not constitute genuine indebtedness. In recent months, courts in Cincinnati and New York have passed judgements like the one in Ohio. The Court of Appeal in North Carolina confirmed a similar verdict in the case of the BB&T Corporation. As a result of court rulings like these, it is becoming clear to the architects of CBL deals, i.e. banks, consultants, trusts and law firms, that this kind of sham transaction will no longer bring them tax privileges – in the USA at least. But financial damage and other pitfalls have by no means been banished forever by these court decisions. Many risky CBL contracts have yet to be rescinded.

This is the case in Stuttgart, where three CBL deals continue to exist (sewage treatment plant, sewerage network and trams). On the other hand, the contracts concluded with the two South German special-purpose associations, BWV and LWV, have been terminated by their respective U.S. partners. In the years 2001 and 2002, the BWV and LWV – greedy to make a “fast buck” – had concluded CBL deals with the U.S. investor First Union Bank, collateralised by the U.S. insurance and finance syndicate American International Group (AIG). With the collapse of the AIG in the midst of the financial crisis and the deterioration of the group’s financial standing, it became necessary for its German partners to change their insurance provider within 90 days, as stipulated in the CBL contracts. This move alone would have cost around €100 million. Finding a new insurance company with sufficient creditworthiness (triple A) at such short notice, however, would have been virtually impossible. At the eleventh hour, the U.S.

partner offered to rescind the contracts by mutual agreement and the special-purpose associations accepted. The rescission cost them about €90 million.

Similarly dramatic negotiations to change underwriters and terminate contracts took place in many other European cities, resulting in financial damage to the tune of hundreds of millions of euros – bills which the taxpayer will ultimately have to pay! From today's point of view, the following can be said:

- We strongly suspect that CBL contracts are not mere instruments of tax-evasion. Indications are that countless other highly-risky “carrousel” and speculative transactions are linked to these deals. This opinion is based on the vast amounts of capital which were transferred from one “performance of contract” bank to another during the term of contract and used for speculative investments.
- CBL deals are products of the neoliberal financial community, i.e. sham deals with no value creation or economic substance, but involving speculation. They are completely and utterly unsuitable as a means of consolidating local government budgets. On the contrary: their sole purpose is to enrich banks, consultants, trusts and law firms at the expense of the general public. They are jointly to blame for the current financial crisis.
- CBL deals, no matter when they were concluded, are prohibited in the USA and are to be terminated according to the IRS's decision. The U.S. investor will thus endeavour to prove that the contracts were breached (e.g. alternative banks and underwriters were not found in time) or shamelessly impose conditions for the rescission of contracts so as to make additional gains.
- CBL contracts, whether Lilo, Silo or Service Contract, should be terminated as soon as possible in order to safeguard the general

public. This also applies to those contracts which the “performance of contract” banks entered into with one another because, as long as these continue to exist, risks will remain high – e.g. if any of these banks were to become insolvent and receive no financial backing.

- Any demands made by the U.S. partner should be rejected on the grounds that these deals are illegal and therefore a basis of agreement no longer exists. In the case of any subsequent disputes, however, the court of jurisdiction would be in New York.
- Generally speaking, city and town councils should avoid business deals which are lacking in genuine economic substance, designed for tax-evasion purposes or of an otherwise speculative nature. Gambling does not belong to the duties of local government and politicians are certainly not being paid by the public to do so.
- Any form of nondisclosure of matters concerning the public, as e.g. in the case of CBL contracts, must be disapproved of since secrecy of this kind undermines and even destroys democracy.
- The nondisclosure of CBL contracts (and the course of events leading up to their conclusion) increases the likelihood of embezzlement and bribery and corruption. Representatives of the people should only sign contracts which they themselves fully understand.
- Important contracts involving huge sums of money and public assets must be presented to the signatories in their own native language, so that their contents can be comprehensively assessed.

- When CBL deals are in the process of being terminated, independent consultants must be sought. The ones responsible for “fobbing the deals off” on the municipal partners in the first place cannot be allowed to continue rendering their services – as interested parties who stand to gain as much by the rescission of the contracts as they did by their conclusion. We cannot entrust a dog with the guarding of a sausage factory!
- The jugglers and acrobats who performed in the neoliberal financial circus must not be allowed to draft bills regulating the financial markets, something which is still happening at present. Artistes like these are the most unsuitable persons imaginable for this task.
- No contracts, either CBL or others, should be entered into when public assets or essential resources serve as collateral and are thus exposed to serious risks. CBL contracts are an integral part of the financial crisis, which came about mainly as the result of speculative business lacking in genuine substance. The sole purpose behind these transactions is the personal gain of a small circle of players at the expense of the rest of us. This snatching of public funds is historically unique, not only as far as the amounts involved were concerned but also the brazen manner in which it was carried out. Debts of this order of magnitude will become the burden of future generations. This is why it is absolutely essential that we introduce elements of direct democracy into our society in the form of referenda at national level and, more importantly still, on public budget issues at local level. Those in power have proven themselves incapable of putting an end to dirty neoliberal financial tricks. Not only this – they are accomplices, supporters and patrons of the global casino. The sovereign must be given the power to intervene to safeguard public interests. It borders on perversion when taxpayers are repeatedly handed the bill but denied any power of decision-making whatsoever.

- The perpetrators should be prosecuted. How can we otherwise expect anyone to understand why the petty shoplifter is punished while those responsible for robbing the general public of billions of euros receive bonus payments instead of landing behind bars?

The task of implementing the changes to the system suggested above will be an arduous but necessary one because new financial products will appear on the market and the wangling will continue, resulting in even greater damage to the public purse than has been caused to date.

www.irs.gov (English)

www.justice.gov/tax/AWG_Opinion.pdf
(Judgement of Northern District Court/Ohio)

HOW POLITICS, THE BUSINESS WORLD AND CIVIL SOCIETY HAVE BECOME ENTANGLED IN ONE ANOTHER

8

Whenever people hear of yet another case of public property being privatised, they tend to vent their anger on the big companies and politicians involved: on the former because of their ruthless profiteering and on the latter because of the way in which politics is becoming more and more intertwined with the business sector. What people often fail to notice, however, is that the very things they criticise about politics and the business world are often to be found again within civil society organisations.

This observation is an extremely important one because the entanglement of civil society goals with those of politics and the economy is not only making it increasingly difficult to recognise the true motives and intentions pursued by individuals and groups but also to take effective steps against existing power constellations. More and more frequently, the commitment of those who are active within civil society is being misused, their perception is being blurred and their strategic targets are being diverted for other purposes.

8.1 Greenwash

Greenwash is a combination of the terms *green* and *whitewash* and is the expression used to describe the deliberate misleading of public awareness in order to allow companies to appear in a positive light. It was coined as a reaction to the campaigns to clean up corporate identity and has become increasingly popular since the 1992 Environmental Conference in Rio de Janeiro.

The French nuclear power station in Fessenheim serves as a practical example of this kind of image promotion. In order to achieve the internationally-recognised environmental systems certification ISO

14001, the operators demonstrated how they were playing an active role in protecting nature and wildlife, by planting orchids all around the reactor, sorting waste, acquiring an environmental protection vehicle to deal with any emergencies et cetera. The French energy giant EDF and the German group EnBW together founded the environmental association “Au fil du Rhin” (“Along the Rhine”) in Fessenheim to simulate an active interest in protecting the environment, winning over environmental groups for their own purposes in the process.

Fessenheim’s image was in desperate need of a good polish: as the oldest nuclear power station in France, it is also regarded as the most dangerous in the country. Even the creditable Three-Country Environmental Centre TRUZ fell prey to this deception, but terminated its membership after learning the true story.

A detailed report which appeared in the Swiss *Basler Zeitung* some years ago, praising the virtues of a wonderful biotope in the harbour area in Basel, belongs in the same category. The Ciba Company, which owns the site in question, hired a biologist especially to take care of the valuable and rare plants growing there. The article mentioned only in passing that, at the centre of this brilliant floral display, there stands a supply depot for agricultural chemicals produced by Ciba, which are used to eradicate wild flowers worldwide.

8.2 Turncoats and Shady Characters

There have also been cases where a “change of sides” has taken place – from the business sector to an NGO or vice versa. The authors Dirk Maxeiner and Michael Miersch became known in this context: both had previously worked for the distinguished *Nature* journal, before going on to render their services to industry by spreading business-friendly eco-optimism. This principle of “having seen the light” is being deliberately exploited to create an atmosphere of authenticity.

Similarly, the Leverkusen-based Bayer AG and the *National Geographic* magazine have apparently agreed to cooperate closely

with one another. Under the motto “Many Drops against Thirst”, they intend to promote research on the topic of fresh water and drinking water. Here we have an obvious case of the dog guarding the sausage factory, because Bayer is one of the biggest water-polluters in Germany. Every year, vast quantities of phosphorous, nitrogen, inorganic salts, organochlorine compounds and heavy metals are discharged into the water via industrial effluents.⁴³ All over the globe, ground water is being contaminated by thousands of tons of pesticides produced by Bayer. The company spent €250,000 on its collaboration with *National Geographic* on water-related issues – a tiny sum when you consider how much more expensive a conventional publicity campaign with the same objective would have been.

On March 25, 2004, the political journal *Monitor* reported on a case which clearly illustrates how civil society organisations are being infiltrated by the business sector. Citizens’ action groups protesting against wind power stations were being advised and represented by a lawyer named Thomas Mock, who was at the scene wherever lobbying against wind power was being called for.

Anyone who has ever been a member of a citizens’ action group will know just how much such well-informed expert support is appreciated by “idealistic do-gooders”. What many people almost certainly did not know, in the above case, was that Mr. Mock was employed by the Hydro Aluminium Company and was representing the interests of the aluminium industry at the same time. The industry’s aversion to wind power can be explained by the fact that it is slightly more expensive than conventional energy. Since the production of aluminium is energy-intensive and electricity consumption accounts for around 40 per cent of production costs, companies are extremely interested in keeping energy prices low.

A company which openly opposed sources of renewable energy would risk severe damage to its reputation. What could be more beyond suspicion than a “citizens’ action group”, which – though perhaps not a camouflage organisation of the industry in question – has become its unsuspecting accomplice?

8.3 The Millennium Development Goals (MDGs)

One truly global campaign intended to do more than just spruce up the appearance of individual companies, is of an entirely different calibre. The profit-seeking interests of a whole branch of the economy are being redefined here in a most cynical way as acts of great benevolence. I am referring to the UN “*Millennium Development Goals 2015*” (MDGs). In September 2000, during the 55th UN General Assembly in New York, member states agreed that eight development goals were to be accomplished within this framework by the year 2015. In order to achieve this, a team was set up in 2001, made up of the UN, World Bank, IMF, OECD and other organisations. One of the aims is to halve the number of people who have no access to clean drinking water.

A very noble objective, one might think, especially when the public has been led to link the achievement of the millennium goals with the forward-looking slogan “Human Right – Water”. A closer look at this seemingly philanthropic target, however, reveals that there is a snag. Private-enterprise water companies are being invited to participate, under the motto: “One man’s gain should not be another man’s loss.” The whole business was set up after the World Bank had “calculated” that an annual sum of US\$180 billion would be needed in order to meet the millennium goals. Since only \$80 billion worth of state funding could be reckoned on, the private sector would have to get involved to offset the difference. This is how the Minister for Economic Cooperation and Development, Heidemarie Wieczorek-Zeul (SPD), worded this point of view in the *Frankfurter Rundschau* on June 2, 2003: “A financing gap of US\$100 billion exists. [...] Without the participation of private enterprises and private capital, it will not be possible to finance the necessary investments.”⁴⁴

Under the guise of humanitarian aid, poorer countries are supposedly being given help to organise drinking water supply facilities, but at the same time they are being robbed of all autonomy with regard to their own water resources. International loans are granted almost exclusively under the precondition that the water supply be privatised or at least transferred into the hands of a semi-public operator. The

real beneficiaries of this “development aid” are the water companies of the industrialised western nations, whose high percentage of votes dominates World Bank policies (see chapter on Neoliberal Conspiracy/ World Bank, page 151).

While dust – in the form of Good Samaritan clichés – is being thrown into the eyes of the public, the protagonists continue to pursue their plan according to economic reasoning, which has nothing at all to do with the interests of the poor. How could it possibly have? A joint stock company, by its very nature, has commitments towards its investors and is under obligation to make profits. Investments will not be made unless capital returns plus appropriate profits are guaranteed. The state provides such guarantees – in Germany, the Hermes AG has agreed to take on export credit guarantees, while the KfW grants the actual export loans. A large company will only get involved when there are profits to be made or where profit guarantees have been agreed on beforehand with the government. Under no circumstances will it venture out into the slums, the favelas or rural regions of the Third World, where the poorest of the poor live and where outside help is most desperately needed.

“Let them come and see men and women and children who know how to live, whose joy of life has not yet been killed by those who claimed to teach other nations how to live.”

Nigerian author Chinualumogu Achebe in “No Longer at Ease”, London, 1960; the name Chinualumogu means “God is fighting on my side”.

What the rich nations actually mean when they talk about “development aid” is the promotion of trade in favour of multinational conglomerates under the pretext of carrying out acts of charity. Nothing

interests the managing directors of a big company less than children dying of thirst in Africa. This is an aspect which should be examined very closely. At the annual conference of the AGE – an association of German businesses active in the developing world – on November 3, 2003 in Berlin, Heidemarie Wieczorek-Zeul was distorting reality when she concluded that “development partnerships” with the economic sector can only result in a “win-win situation” from which all sides profit. For years now, promoters of the MDGs have been creating one almighty hullabaloo. Under the chairmanship of Eveline Herfkens, the former Dutch Minister for Development, a millennium campaign was initiated. Since 2006, national campaigns have been organised and carried out in 60 countries.

The UN representative for the Millennium Goals, Jeffrey Sachs, called for a “2008–2015” plan of action so that the goals “might still be achieved” and many NGOs have since been integrated into the various activities.

A newly-installed website, looking very much like an NGO website, demands in a tone that reveals a fighting spirit: “End Poverty 2015, No Excuse, Make It Happen...” This sounds good, of course, and I genuinely believe that the people concerned are taking the matter seriously. And yet I am convinced that the MDGs, well-intentioned though they may be, will at best come to nothing because the medicine being prescribed to cure the illness is the same one that caused it in the first place.

Countless documents issued by the World Bank, IMF, UN and the German development and cooperation sector – as well as a report by UN representative Jeffrey Sachs – all promote neoliberal elements such as economic growth, the involvement of the private sector, the liberalisation of services and the dismantling of trade barriers. Meanwhile, the disastrous consequences of the neoliberal approach have become clear for all to see!

Alas, in addition to all the suffering and damage already caused, a lack of respect for individual nations and their right to self-determination continues to prevail: the rich nations are now pushing through their own economic interests in an increasingly hard-hearted and destructive

manner, as a great number of examples illustrate. Even the most serious violation of international law, an illegal war of aggression like the one being waged against Iraq since 2003, has become possible – without any real veto on the part of the international community! Here we have a war of aggression being waged by countries who, in the Millennium Declaration, pledged that they would do everything in their power to respect international law and human rights!

The arrogant neocolonial approach of the wealthy nations, who continue to prescribe for poorer ones what they must do to overcome their poverty, will do very little to win the trust of these countries. If we, i.e. the “industrial nations”, sincerely want to resolve the problem of world poverty, we must let impoverished states speak for themselves and learn to accept and respect the autonomous decisions they make. Without this respect for the sovereign rights of these nations, poverty will never become a thing of the past.

8.4 **Global Compact**

The UN General Secretary at that time, Kofi Annan, seemed convinced about this himself when he introduced his “*Global Compact*” campaign, in an attempt to remind the business sector of its responsibilities. Annan envisaged the three forces in society – politics, business and the general public – working together to solve world problems. But here, too, there is a catch: the three protagonists are pursuing totally different goals. Joint stock companies are under pressure to make ever-increasing profits, while citizens are first and foremost interested in preserving the basis of their everyday existence. The kind of give-and-take situation which Kofi Annan almost certainly had in mind is impossible because the interests of those involved are diametrically opposed. Only an on-the-spot assessment of the living conditions of a local population will allow the essential needs of the people to be directly and democratically defined. These must then be defended against the onslaught of the business sector and, if need be, energetically asserted.

8.5 Local Agenda 21

Local Agenda 21 is an action programme which the UN member states drew up within the framework of Agenda 21 at the Rio Conference in 1992. The intention was to bring together players from the realm of politics, the business sector and civil society to cooperate in implementing concepts for sustainable development at local level. Thousands of towns, mainly in Europe, have since taken part in this programme and established Local Agenda working groups. At first, this fresh new approach attracted many champions and supporters, but enthusiasm gradually subsided when it became clear that neither politicians nor businessmen feel any inclination to spend their free time listening to critical questions posed by active citizens and environmental groups. It will only be possible to find a way out of this dilemma when a responsible and mature civil society – able to form an independent opinion – rediscovers its own power and grows strong enough to resist manipulation. The prevailing superior might of the business sector could be put firmly in its place, if the public were to openly declare: “The King is in the altogether!” When all is said and done, this is about democracy: Who determines what happens?

8.6 White Corruption and the Power of the Lobbyists

One problem which has been smouldering for some considerable time now in Germany and other countries is the across-the-board entanglement between the worlds of politics and business. The supplementary earnings of Laurenz Meyer and Hermann-Josef Arentz, who, as leading politicians, both appeared on RWE’s list of salary earners, are only the most prominent examples of a phenomenon known as “white corruption”, which has since gained control of vast areas of the political landscape at all decision-making levels. RWE is keeping alive an old company tradition: Was it not its own founders

who, as early as 1903, developed this form of bribery, which they brought to perfection by giving mayors seats on the company's advisory boards, thus making them compliant with corporate demands?

Today it has become the most natural thing in the world of politics for mandate-holders to "have" one or more extra jobs – "carry out" would be the wrong term here. This makes them servants to many masters: as advisors or board members, they are inextricably caught up in certain company interests while, at the same time, they are supposed to be representing the interests of the public in their role as elected members of parliament. And yet they seem to cope amazingly well with this schizophrenic state of affairs.

Sections 331 to 335 of the German penal code prohibit bribery, as well as the granting or accepting of undue privileges. In legal terms, however, it is not considered to be corruption if a politician states that he has carried out a service in return for the payments made to him – for example, within the framework of a consultancy contract, or as a member of an advisory council or supervisory board. Other countries probably suffer from similar legal deficiencies.

We should not allow this grave inconsistency in legal reasoning to blur our own vision: these practices bear all the hallmarks of corruption and can seriously harm public welfare in various ways. The "multifunctional" politician is paid by several interested parties concurrently and must inevitably, sooner or later, commit a betrayal of interests.

Among those politicians who embody this principle we find Werner Müller, who was Minister for Economics in the Red-Green government from 1998 to 2002. Müller is no stranger to the energy sector. From 1973 until 1997, he worked for companies such as RWE, Veba and Kraftwerke Ruhr AG and is currently chairman of the board of directors at Ruhrkohle AG (RAG). He made the headlines when he refused to accept the monopolies commission's ban on the takeover of Ruhrgas AG by E.ON. Instead, he instructed his permanent secretary Alfred Tacke – meanwhile chairman of the board at the energy supplier STEAG – to give the fusion the green light, by granting ministerial permission under section 42 of the German Antitrust Act.

On March 27, 2001, Professor Hans-Jürgen Ewers, the then principal of the Institute of Technology in Berlin and a self-declared expert in the field of deregulation, submitted a specialist report on the German “water market”, as Werner Müller had requested him to do. Deregulation, according to Professor Ewers, should be regarded as the “re-regulation” of “overregulation”. There were “numerous indicators of the inefficiency of municipal water companies”, which meant there would be no getting round the liberalisation of water supplies. In a free market economy, everyone was exposed to competition. It was “totally and utterly incomprehensible” why water service providers should wish to be made exempt. The German water industry would have to be “subjected to the disciplinary control of the financial market”, where incompetent managers are punished by dismissal or a hostile takeover. The constant presence of this sword of Damocles would be enough to significantly improve the “inadequate cost-effectiveness of the German water industry”. Compulsory benchmarking⁴⁵ would have to be introduced in order to support the regulatory element of direct competition. Professor Ewers’ study has left its mark to this day, as an offensive on the road towards water privatisation.

Something which only became public knowledge at the end of 2006 has apparently long since become an accepted norm: during the last four years, around one hundred external members of staff from companies and associations have been “collaborating” in government departments and even inside the chancellery itself. Employees from the Association of Public Banks and the German stock exchange were thus able to assist in “making improvements” to the act regulating banking and credit business, the act governing the official supervision of financial services as well as the implementation of financial market guidelines – in other words, amendments to draft laws and decrees which apply to them themselves and from which they stand to benefit. Opportunities to collaborate with the Ministry of Economics are particularly attractive and representatives from BASF, Bayer, the Association of the Chemical Industry and the Association of German Mechanical Engineers continually come and go there. This is absolutely preposterous, given the fact that this government department

represents the Federal Republic of Germany at the WTO negotiations and is therefore actively involved in the drawing up of GATS and other agreements.

8.7 **Multistakeholder Review (MSR)**

One of Heidemarie Wieczorek-Zeul's initiatives demonstrates how the liaison between politics, the business sector and NGOs can develop into an extremely dynamic eternal triangle. At the International Fresh Water Conference in Bonn in 2001, the minister had announced that an international study would be carried out to evaluate the experiences hitherto gained with regard to water privatisation. Two years later, at the end of 2003, the so-called *Multistakeholder Review* (MSR) was launched. At that time, however, asking naive questions about such experiences was no longer justifiable because there were already enough hard facts on the table to substantiate a negative assessment.

All the same, an international team was lined up – including some well-known and “appropriate” names, such as the GTZ (see chapter on Bolivia, page 71), various NGOs and RWE, at that time still one of the biggest water companies in the world. How a giant concern, which is flagrantly interested in privatisation, can possibly be of any help in an “unbiased” study like this, is a question which only the Ministry for Economic Cooperation and Development (BMZ) will be able to answer. Political foundations, too, such as the Heinrich Böll Foundation (HBS) or the Friedrich Ebert Foundation (FES) frequently get themselves involved in double-edged initiatives like this. In one particular case, the HBS cooperated with the large NGO “*Bread for the World*” at an international water function, promoting the Multistakeholder Review and inviting others to join in.

The operational day-to-day running of the MSR lies in the hands of a British organisation called WaterAid, which regularly passes itself off as an NGO. Technically speaking, this is true, but WaterAid

conceals the fact that it is subsidised by water companies. WaterAid was founded in 1981 by the English water industry and continues to receive financial support from the industry as well as from the British government and the EU.

WaterAid has also been active in other ways within the framework of the MSR. In 2004, an initial interim report was sent out via various international distributors. I found the appendix particularly fascinating because it gave a list of MSR members, including Maude Barlow from Canada, one of the world's most famous water warriors and recipient of the Alternative Nobel Prize. Shortly afterwards, she told me that she was not a member at all but had merely given them her email address in order to receive further information. The interim report had transformed this into a "membership", which, in the light of Maude Barlow's international reputation, lends a huge amount of credibility to the study.

There are grounds for the assumption that the real aim of the MSR is to integrate water activists from all over the globe in order to influence the mainstream and gather information and addresses.

In January 2004, at the *World Social Forum* (WSF) in Mumbai, India, civil society and politics amalgamated in yet another way. The WSF is currently the world's largest conference of civil society organisations, with over 100,000 participants. According to the WSF's Charter of Principles, politicians are only allowed to attend as private individuals. At a workshop held by *Diverse Women for Diversity*, an internationally-organised women's network, Kerstin Müller (Alliance 90/The Green Party) – at the time state minister in the Foreign Office of the Red-Green German government – addressed a few unscheduled but friendly words of greeting to those present. The initial reaction was one of astonishment. This later turned to anger when, on Müller's return to Germany, newspapers announced that she had attended the WSF as the German government's official representative. She cunningly knew how to capitalise on her public appearance in Mumbai. In an interview with the *Stuttgarter Zeitung*, she at first reiterated the theories of the opponents of globalisation, but then twisted these arguments to mean just the opposite by stating that it was crucial that the WTO conferences

be successfully continued – which is tantamount to saying that further liberalisation and privatisation measures will be necessary in order to help the Third World. This was a slap in the face for the majority of WSF participants, who are demanding that the power of the WTO and its resolutions be reduced or abolished altogether. My concern is that incidents involving interference like this may accumulate and distort the original intention of the WSF beyond all recognition.

The events described here are not isolated cases. It would be practically impossible for ordinary citizens, no matter how active, to identify every single entanglement which exists worldwide between NGOs, politicians and the business sector. What members of large organisations and initiatives can do, however, is examine the strategic targets very critically and, if need be, take action against clandestine measures to misuse the organisation or initiative in question for incompatible purposes. It is crucial to recognise which goals are being pursued. Maintaining financial independence – and having the courage to work within the limits of a very tight budget – is the only way to prevent the exertion of unwanted influence and the muzzling of free speech.

THE NEOLIBERAL CONSPIRACY – THE ROLE PLAYED BY INTERNATIONAL TRADE AGREEMENTS AND INSTITUTIONS

9

An analysis of the strategies behind the commercial “misappropriation” of drinking water supplies reveals that the Earth’s natural and life-sustaining resources are being looted by a handful of profit-hungry global players, who are the only ones to reap any real benefits – almost everyone else on the planet is losing out. Once we realise that the sole aim of these giant corporations is to make ever-increasing amounts of profits, then all “debates” about the pros and cons of water privatisation become irrelevant. Not even the propaganda campaigns, regularly used by large companies in an attempt to convince the public of the so-called blessings which privatisation brings with it, can alter this fact.

At this point, I should like to emphasise that any criticism of “privatisation” is not aimed at the private legal form per se, but rather at those institutions, persons and methods of procedure which place essential public services, above all our water supplies, at the mercy of greedy multinational companies. It would therefore be more accurate to talk about “anonymisation” and “commercialisation”.

Having a private legal form does not necessarily lead to the plundering of water resources – e.g. when the communal water supply is run as a cooperative enterprise, subject to private law, but the local residents continue to be the proprietors. What matters is that the unrestricted right of disposal and ownership remains in the hands of the people who actually live in the community. Only when this is the case will the top priority be to ensure the sustainability and quality of essential supplies.

A very close link exists between the commercial exploitation of drinking water and international institutions such as the WTO, IMF and World Bank, which all support the neoliberal doctrine of free trade in compliance with corporate demands. Above all, they are the ones

who have the necessary instruments at their disposal, with which to implement this doctrine. Let us take a closer look at the role these institutions play.

9.1 **The Pressure to Privatisise – Post-War International Agreements**

After World War Two, the industrialised nations agreed to foster the peaceful coexistence of nations and promote free trade. Efforts had been made in this direction as early as 1941 – i.e. while the war was still going on – during the Atlantic Conference, initiated by Franklin D. Roosevelt and Winston Churchill. The Atlantic Charter, which was passed in this context, was intended as a kind of post-war programme for a new and better world order. The charter not only expressed the desire to maintain peace – Germany had just invaded the Soviet Union – but also dealt with the economic aspects of world trade and the access to raw materials. This was followed by the Moscow Declaration, the Dumbarton Oaks Conference and the Yalta Conference, during which the United Nations' Charter was drawn up. It was signed in San Francisco by 50 countries in June 1945.

At that time, matters of international law, the establishing of human rights and, above all, the securing of peace after the atrocities of the Second World War, were at the centre of all efforts. Even then, however, the United Nations had a shortcoming – and one which is still having disastrous consequences to the present day: the right of veto for the superpowers! Today, the *United Nations Organisation (UN or UNO)*, an alliance of 192 states, is recognised as a global authority with unrestricted power in matters of international law.

In October 1947, the *General Agreement on Tariffs and Trade (GATT)* was approved by 23 states and came into force on January 1, 1948. It contained a codex of trade practices and a list of reductions in customs duty, designed to aid economic recovery during the post-war reconstruction period. The agreement was intended as a provisional arrangement, to be transformed as soon as possible into the *International*

Trade Organisation (ITO). With this aim in mind, the UN convened a conference in Havana, attended by 53 nations from East and West, including the Soviet Union. The so-called Havana Charter, comprising the statutes of the ITO, was finally signed in March 1948 but never came into force because it was not ratified, due mainly to opposition by the U.S. Congress. Western governments in particular feared that developing nations might become too dominant and the United States was afraid of losing its sovereignty. All that remained were the GATT talks, which – although originally an interim arrangement – were continued until the *World Trade Organisation (WTO)* was founded in 1995.

The Soviet Union and the countries under its control did not join the GATT agreement, committing themselves instead to setting up an economic bloc of their own. These developments can therefore be regarded as being part of the Cold War.

Later, the *Non-Aligned Movement (NAM)* came into being, initiated first and foremost by the Yugoslavian president Tito, the Egyptian head of state Nasser, the Indian prime minister Nehru, together with Zhou Enlai from the People's Republic of China as well as the host of the first conference, which took place in the city of Bandung in 1955, President Sukarno of Indonesia. Various resolutions, e.g. condemning the East-West conflict and calling for disarmament, the peaceful coexistence of nations and a ban on atomic weapons were passed by 29 nations. They denounced colonialism and racial discrimination, and demanded that the countries of the Third World be given the same rights and treatment as their former colonial powers. This movement, however, lost its significance with the disintegration of the power blocs after the fall of the Soviet Union.

The aim of these observations is not to present a detailed historical picture but rather to illustrate the struggle that was taking place to establish a world order. Nothing less was at stake than the precedence of human rights over economic interests. Those institutions which currently set the tone, such as the WTO, World Bank and IMF, leave us in no doubt whatsoever as to the outcome of the struggle: economic interests have become unilaterally predominant in almost all areas of our lives and the powers-that-be will do anything to make sure that

these interests continue to assert themselves – if need be, by the use of military force, as the recent attack on Iraq demonstrated.

9.2 The International Monetary Fund

The *International Monetary Fund (IMF)* was founded in 1944 and has been active since 1946 as a UN special organisation with headquarters in Washington D.C. Together with its sister organisations, the World Bank Group, it emerged from the so-called Bretton Woods Conference in New Hampshire (USA) which centred around the reconstruction of a world economic system in the aftermath of the Second World War.

At present, the IMF has around 2,600 employees in 140 countries and comprises 186 member states, whose allocation of votes corresponds directly to their financial contributions. The EU member states alone have 31.89 per cent of the votes,⁴⁶ but the USA, with its 17.1 per cent of votes, also has the power to block the passage of all important resolutions requiring 85 per cent of the votes. Although the IMF is a subsidiary organisation of the United Nations, it is governed by capital majorities and not by legitimate, democratic organs.

The official duties of the IMF include the promotion of international cooperation with regard to monetary policies, the expansion of world trade, the stabilisation of exchange rates, the granting of loans, technical assistance and the surveillance of financial policy. In today's world, however, it plays a somewhat different role. Under the pretext of being an international organisation providing financial and development aid, the IMF, together with the World Bank and the WTO, has metamorphosed into a neoliberal bulldozer. Within the framework of so-called Structural Adjustment Plans (SAPs) and in coordination with the World Bank, the IMF grants loans which are more and more frequently tied to preconditions such as cutting back on government (i.e. public) spending and increasing exports, as well as the liberalisation and privatisation of education, banking, water supplies and other areas in the public service sector – regardless of

the particular circumstances in which an individual national economy finds itself. As a result of this form of “aid”, countries dependent on foreign loans lose all control in the relevant political spheres.

The IMF has thus become an instrument of the industrial nations, whose main aim is not to deliver humanitarian aid but to control economic policy in the Third World. There are countless examples to prove this point: the water wars in Cochabamba (Bolivia), the inglorious part played by the IMF in the East Asian crisis of 1997⁴⁷ or its decisive contribution to the Argentine crisis, whereby the IMF prescription for privatisation was adhered to in exemplary fashion, resulting in the total bankruptcy, in 2001/2002, of the second-largest South American country and the resignation of President Fernando de la Rúa.

Credit-granting facilities have one further knock-on effect: borrower nations often find themselves in a long-term debt trap, from which there is no escape – unless they are given genuine debt relief – and so they subsequently become susceptible to blackmail. In the process, the natural resources of the nations in question are increasingly being used as bargaining objects, with water supplies at the top of the list of coveted assets.

9.3 The World Bank

The *World Bank (WB)*, also known as the *International Bank for Reconstruction and Development*, with headquarters in Washington D.C., was founded, like the IMF, within the framework of the Bretton Woods Conference in 1944 and came into formal existence on December 27, 1945. Its main objective originally, as laid down in its statutes, was to assist reconstruction and development in the 151 member states by providing investment capital on reasonable terms. Private foreign investments were to be promoted by means of credit guarantees or credit-sharing.

Today, the World Bank is organised in a much more complex way than at the time of its founding and actually consists of five individual

organisations,⁴⁸ all of which have efficient means at their disposal for enforcing the decisions they make. At present, 186 nations belong to the World Bank Group (WBG), which has national offices in more than 100 countries and more than 8,000 employees. Within the World Bank, which is a private-enterprise institution, voting rights of member states are proportional to the individual member's capital contribution, similar to the IMF arrangements. The five managing directors are designated by the five largest donor nations. Wealthy states are thus able to push through their own national interests unhindered.

According to its own self-promotion, the World Bank is an institution which "places its main emphasis on helping the poorest people and nations". In 2006, it declared on its website: "*We dream of a world free from poverty.*" In reality, however, it acts with much less magnanimity.

During the years, the World Bank – together with the IMF and WTO – has developed into one of the most ruthless driving forces behind the tidal wave of global liberalisation and privatisation. Instead of relieving the problems of poorer countries, it has aggravated them time and time again. It financed pipelines, for example, which were responsible for extensive environmental damage over a period of decades, or tube wells, which provided the population of poorer countries with water but in the end led to the desertification of entire regions because of the subsequent fall in ground water levels. The suffering endured by millions of families who lost their homes as a result of large dam-building schemes stems from World Bank initiatives and financing.

The loans granted by the World Bank and its subsidiary organisations are rigidly tied to their *Private Sector Development Strategy*, which they use to force through the privatisation of many of those areas responsible for the provision and management of essential public services, especially water supplies. Poor nations which have become entrapped by their debts have hardly any chance of regaining their freedom. Generally speaking, the World Bank intentionally exploits the misery of poor countries by granting them loans and then forcing them to conform to market economy demands for the benefit of big corporations.

In order to complete the picture, it has to be said that the World

Bank, regardless of how noble its humanitarian slogans may sound, constantly keeps its large and watchful business eye on the profits to be made with every single dollar it “invests” in its “fight against poverty”. It has been making profits consistently since 1947. Its subsidiary organisation, the *International Finance Corporation (IFC)*,⁴⁹ is financially involved in numerous “development aid projects”.

As far as water is concerned, the World Bank is involved in one further disreputable activity: since the 1990s, it has been drawing up and pushing ahead with concepts for the introduction of the trade in water rights. It intends to force through amendments to basic political conditions, making it possible to transfer the rights for water resources worldwide to giant multinational companies, who would then be able to earn money without having to take over any operational function themselves.

9.4 The GATT Agreement

The aim of the *General Agreement on Tariffs and Trade (GATT)*, which came into force in 1948, was to improve living standards and facilitate an increase in both manufacturing and full-time employment by removing customs and trade barriers. Instead, the results have turned out to be mostly negative, due to the misguided belief in continuous economic growth according to the Keynesian⁵⁰ doctrine – and the destruction of domestic markets in poorer countries.

9.5 The World Trade Organisation

The *World Trade Organisation (WTO)*, which has its permanent headquarters in Geneva and which currently employs a regular staff of 630, was founded during the final round of GATT talks, the so-called Uruguay Round and came into force together with the GATS agreement

in January 1995 (see page 156). At present, it constitutes the highest authority within the hierarchy of international jurisdiction, dealing with the regulation of trade relations and economic ties and extending its influence into every sphere of life in the 153 member states. Its goals are the liberalisation, deregulation and privatisation of trade and services, the implementation of patent rights and the dismantling of trade barriers for commodities at all levels: a programme in keeping with the popular concept of “neoliberal policies”.

The members of the WTO, which is more or less a global organisation, together produce more than 90 per cent of world trade volume. Non-member states include several countries in the Middle East, some former Soviet Union republics and Russia itself, which has been seeking membership for the past 16 years. At present, Russia, Belarus and Kazakhstan are applying for membership as a single customs bloc.

The WTO is the only international organisation with efficient instruments and agencies at its disposal – unlike the UN – to enable it to fulfil its liberalisation agenda. Whenever trade disagreements arise, the WTO Dispute Settlement Body can be called upon to settle matters and its rulings are binding for all parties. Each year, the DSB negotiates in up to 40 cases, the most famous ever being the steel dispute between the USA and the EU. Non-observance of the DSB’s verdicts can lead to penalties, usually in the form of sanctions or fines.

As mentioned earlier, WTO “legislation” is positioned higher up the legal hierarchy than EU law, which itself has priority over national law. It is alarming to think that this fact has not yet been sufficiently recognised or grasped by many of our political decision-makers. This unrestricted authority allows the WTO to interfere in the right of national governments to act autonomously and its decrees have to be converted into national law, which in turn has an impact on the self-determination of local government bodies. WTO regulations make it possible for a big company to sue a state, for example, if the latter fails to invite tenders for a water supply franchise or if it wishes to operate the supply itself.

One example illustrating just how seriously these rights to sue must be taken is a U.S. offensive against the EU because of its restrictive

attitude towards the use of genetically-modified organisms. The WTO ruled that the EU moratorium, which had been in place from 1997 until 2004, constituted a trade barrier and was therefore in breach of existing international trade regulations. A similar verdict was proclaimed in the dispute over the use of growth hormones in cattle breeding. In 1998, the WTO ruled in favour of the USA, which had protested against the EU import ban. By way of compensation, the USA is allowed to impose an annual sum of US\$117 million in penalty duties on EU imports into the country. These few examples indicate just how far the WTO's economic terror and its undermining of nation-state sovereignty have already advanced.

9.6 **The Multilateral Agreement on Investment**

The *Multilateral Agreement on Investment (MAI)*, drawn up amidst strict secrecy during the 1995 GATT talks, is described by critics as the "Corporate Enabling Act". It was designed to allow a company to sue a government for damage, should protests occur in that country or more stringent environmental or employment laws come into effect, resulting in the loss of corporate profits. The amount of compensation which could be claimed was directly related to the amount of profits lost. In addition to this, there was to be a tax-free transfer of capital, dividends and profits throughout MAI member states.

As the result of an indiscretion, details of the negotiations became known in 1997, causing opposition to grow. The agreement finally fell through at the 1999 WTO conference in Seattle. Since then, repeated attempts have been made to introduce basic elements of MAI into the rules and regulations of large economic communities and those of the existing WTO agreement.

9.7 The GATS Agreement

The *General Agreement on Trade in Services (GATS)* is an international and multilateral contractual system under the umbrella of the WTO. It emerged from the GATT talks and is aimed at liberalising and privatising cross border trade in services. It came into force in January 1995 with the founding of the WTO.

During the last round of GATT negotiations, the Uruguay Round, which took place from 1986 to 1994, member states agreed to liberalise the trade in services in addition to the trade in commodities, because wealthy nations and their powerful companies recognised this as an opportunity to make vast profits. By services we mean areas such as the health service, education, museums, transport, traffic, postal services, telecommunications, the operating of ports, electricity, gas, refuse collection, sewage disposal and treatment and, of course, drinking water supplies.

One of the most important principles of the GATS agreement is that member states are obligated to guarantee foreign (private) bidders the same treatment as local ones. Even for a non-profit-making organisation, cooperative enterprise or small local business, this could mean having to compete against an international consortium when bidding for a contract, should the situation arise. The GATS agreement is thus extending its powerful grip far into the sphere of local government, removing any self-determination authorities have with regard to the provision and management of essential public services. In addition to this, a multinational company is able to shake off a rival bidder by tendering a “strategic offer” below the actual cost of the contract.

The GATS agreement is a very extensive set of rules and regulations. According to announcements made by the WTO, it will have no effect whatsoever on the realm of essential public services, including water supplies, since those services which are delivered by “the exercising of state authority” are exempt. This is eyewash, however, because a restriction has been put in place which states that “these services may neither be delivered for commercial purposes nor in competition with one or more suppliers”. This makes nonsense of that last sentence,

since the term “commercial purposes” is not defined precisely in the GATS agreement and there is no consensus either among WTO members or at the WTO headquarters as to how to interpret the phrase “the exercising of state authority”. All services have to be paid for in one way or another, either directly or via taxation. In the end, the GATS regulations can be applied to all areas of our public services and the WTO Dispute Settlement Body has unlimited interpretational freedom.

At the 2001 WTO Conference of Ministers in Doha (Katar), the so-called Doha Development Agenda was agreed on, in order to push further ahead with the liberalisation of services. All nations had to present their *requests* by June 2002 and tender their *offers* by March 2003. The EU made its requests, demanding from 109 countries, 94 of which can be described as developing or transitional nations, that they open up their markets.

Since WTO plans have great potential to cause conflicts, they are always kept top secret. Information was leaked, however, which revealed how the EU, home to the most aggressive water companies in the world, was demanding that 72 countries open up their water markets, after having itself introduced the issue of water supplies into the GATS agreement. It is easy to understand why, when you consider that the international water giants, such as Suez, Veolia or RWE, as well as many smaller ones like EnBW, are all based in Europe.

On March 10, 2003, Pascal Lamy, the European trade commissioner at the time and the EU’s official representative at the GATS negotiations, was asked the following question in an interview with the *Stuttgarter Zeitung*: “Did you suggest the opening up of the European water market? Were requests made by other countries?” Lamy’s answer was: “We have had no requests. But I am tendering offers, because I have an interest in the opening up of the water supply and distribution sector.”

One further element of the GATS agreement is the so-called “necessity test”, also known as the necessity clause. According to this, a nation-state has to be able to prove that the conditions it imposes, for example, vis-à-vis the environment, represent “the option which

poses a minimum of restriction and strain” on trade and industry. In this case, too, there is almost unlimited scope for interpretation. The thought of a WTO arbitration service determining the effectiveness of measures which a nation itself considers to be necessary – dismissing in the process the political will of the population – is positively ludicrous. This prerogative is neither democratically legitimate nor can it be derived from the WTO’s doctrine, which states that free trade is indispensable if people are to live together in peace.

Particularly problematic is the fact that once contractual commitments have been entered into, it is almost impossible to revoke them. Should a country nevertheless wish to free itself from the stranglehold of the GATS agreement or withdraw its consent to open up its market, then it may do so only if it allows further liberalisation in other areas. What this means in practical terms is: once a nation has opened up its electricity market, for example, and for some reason or other, now wishes to reverse the process, it is compelled to make alternative offers relating to other sectors, and all the other WTO members have to give their approval.

The greatest pressure to liberalise the water market is exerted by Europe. In 1999, Sir Leon Brittain, Pascal Lamy’s predecessor as EU trade commissioner, founded the *European Services Forum (ESF)*, an industrial lobbying group which allowed banks or European companies active in the service sector – i.e. education, water, energy, refuse disposal, transport – to participate directly in the GATS negotiations or represent their own interests there. National parliaments and civil society groups, on the other hand, were not invited. They have never had – and still do not have – access to the contents of most negotiations. This state of affairs would explain the fierce criticism directed towards the WTO by many people who believe that the organisation has already assumed the role of “world government”, responsible solely for the promotion of business interests.

9.8 The TRIPS Agreement

Another agreement reached under the umbrella of the WTO is the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS), which came into effect in 1995. It regulates at international level those areas of law governing copyright, brand names, particular flavours, licences, protection of company secrets, software patents and numerous other areas of patent rights. The agreement dictates its demands to all national legal systems, in order to ensure that those measures and procedures intended to safeguard the rights on intellectual property do not become barriers for “legal trade”. What is meant by this, of course, is free trade according to the WTO’s neoliberal policies. The mechanisms involved are similar to those of the GATS agreement: the rules and regulations – and their interpretation – are there to serve those nations with a strong economy and the interests of powerful companies. All resolutions are binding for WTO member states and will be implemented, if need be, by the use of sanctions. Particularly controversial is the patentability of technical processes, natural substances (e.g. traditional rice varieties) or genetically-modified seed because this makes it compulsory for millions of small farms and businesses to pay charges to the patent-holder.

There are hardly any areas which have not been affected by the recent spate of patent applications, almost all of which stem from wealthy nations and companies based in these countries. The most dangerous aspect of the TRIPS agreement is the vagueness of its wording, which invites all maestros of interpretation to apply for patents on the most ridiculous things such as natural substances found in the neem tree, a medicinal plant which has been cultivated and used in India for thousands of years. With reference to TRIPS, water-bottling companies, for example, are applying for patents on “their” brands, after extracting minerals from the water beforehand and then adding their own minerals and trace elements.

The *World Intellectual Property Organisation* (WIPO), founded in 1967 and subsidiary organisation of the UN since 1974, is to some extent the forerunner of the TRIPS agreement. Although still in

existence today, WIPO has dwindled in importance on account of TRIPS because the latter adheres more closely to WTO principles and is therefore more able to represent the interests of the industrial nations on account of its greater assertiveness. The *European Patent Office* (EPO), which has its headquarters in Munich, can be regarded as TRIPS' European counterpart and very much the equal of the two organisations mentioned above with regard to its submissiveness to corporate desires.

The dawn of genetic engineering brought with it a drastic increase in the number of applications for patents on living things, plants, organisms or seeds. By the end of 2007, more than 65,000 applications from the field of genetic engineering had been submitted to the European Patent Office. Worldwide, almost 20,000 patents on human genes have been applied for, 2,670 of which have already been granted by the EPO. Of the 5,500 or so patent applications on animals, 667 have likewise been successful. More than 6,000 applications are related to plants and 1,000 of these patents have already been issued.

The EPO granted a patent on pig-breeding to the U.S. corporation Monsanto. It involves a method of breeding using a normal pig's gene and its variants, in order to breed pigs with greater feed conversion efficiency. The patentee is entitled to claim fees not only for the use of the methods, but also for the animals themselves and their offspring.

In January 2007, the EPO issued two patents on transgenic cows with increased milk production (EP 1330552), this time involving a key enzyme in the lipometabolism process, diacylglycerol acyltransferase. Likewise in 2007, the U.S. company Pioneer was granted a patent on a sunflower variety (EP 1465475 B1). The patented sunflowers were not even genetically modified, their hereditary factors simply revealed a higher resistance against a certain parasite in the soil which can damage the roots. "Normal" broccoli, too, has already been patented (EP 1069819 B1) and the list could be continued ad infinitum. Via international agreements, such as the Convention on Biological Diversity (CBD) or the Union for the Protection of Plant Varieties (UPOV), attempts are being made to secure a fairer distribution of genetic resources. The EPO itself mentions limits to the patentability

of living things in its rules and standards, on paper at least!

Article 53: Exceptions to patentability

European patents shall not be granted in respect of:

(a) inventions, the commercial exploitation of which would be contrary to “ordre public” or morality; such exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all of the Contracting States;

(b) plant or animal varieties or essentially biological processes for the production of plants or animals; this provision shall not apply to microbiological processes or the products thereof;

(c) methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body; this provision shall not apply to products, in particular substances or compositions, for use in any of these methods.

Similar exceptions have been laid down in national patent regulations as well as at international level in article 27.3(b) of the TRIPS agreement. It therefore seems even more absurd that the patenting of life is nevertheless progressing at a fast and furious pace and in an increasingly ruthless manner. Here, too, an area not regulated by law has been created, in which the large companies of the industrial nations are able to push through their interests unhampered by legislation.

Resistance to this development can take the form of legal actions, such as those currently underway against existing patents, e.g. on basmati rice or substances from the neem tree, or else the refusal to comply with corporate compensation demands. The most famous example of this is Canadian farmer Percy Schmeiser who, in a lawsuit which lasted several years, successfully rejected charges made against him by Monsanto. His field had been contaminated by genetically-

modified canola, which is why Monsanto sued him for patent violation. Percy Schmeiser won the lawsuit in the end and was awarded the Alternative Nobel Prize in 2007, together with his wife, for his opposition to Monsanto and his battle against genetic engineering in agriculture.

www.no-patents-on-seeds.org (English/French/Spanish/German)

9.9 What Are the Consequences?

The above-named institutions and agreements do not lend themselves to finding solutions to growing world problems such as starvation and environmental destruction or the ever-widening gap between rich and poor. On the contrary: they are an integral part of the actual problems.

The World Bank, IMF and WTO lack the necessary democratic qualities and all legitimisation. The consequences of the WTO's democracy deficiency are particularly serious because this is an institution which has virtually set itself up as a kind of world government, whose resolutions stand above those of individual nations. Democratically elected politicians were responsible for handing over the power of member states to the WTO. This, however, flies in the face of democracy, which calls for the reversal of any decision the sovereign wishes to revoke. That is why a mandate-holder cannot be allowed to transfer the power entrusted to him to a third party as he himself sees fit, because this would lead to the disintegration of democracy. The helplessness and anger which people feel with regard to the WTO stem largely from this illegal transfer of power, carried out by members of a political elite who have knowingly prevented – to the present day – not only public debates on issues relating to the constitution and constitutional law but also public participation in political decision-making, whether in the form of local citizens' referenda or national referenda. Politicians have deliberately been extending the WTO's sphere of influence in agreement with – and sometimes in compliance

with – officials and business leaders, in order to use this intermediate spring-board to achieve goals which would have proved impossible at national level alone.

The structures described here prevent any kind of reformation of the WTO, World Bank and IMF. Instead, member states should look for ways of withdrawing from these institutions or of disbanding them completely.

“We manifest our profound concern about the possible negative impact that any international instrument, such as free trade and investment treaties, could have on water resources. We reaffirm the sovereign right of the peoples to exclude water, in all its uses and services, from trade agreements.”

Complementary Declaration proposed by Uruguay, Bolivia, Venezuela, Ecuador and other Latin American governments in advance of the World Water Forum in Istanbul, March 16-22, 2009

9.10 **The European Union**

The *European Union (EU)*, with its organs, guidelines and decrees, may well be put into the same category as the World Bank, IMF and WTO. That is why critics often refer to it as the “Little WTO”. Yet it all began “harmlessly” enough. In 1952, only years after the Second World War had come to an end, the *European Coal and Steel Community*, otherwise known as the *Montanunion*, was set up on the initiative of

the then French Foreign Minister, Robert Schumann. The purpose of creating a community based on commodities such as coal and steel – both central to the war industry – was to allow mutual control and to dismantle customs barriers.

Only a few years later, in March 1957, the treaty establishing the *European Economic Community (EEC)* was signed in Rome. It was now no longer simply a case of removing customs barriers but of something much greater: the relinquishing of national sovereignty to a European or supranational institution which, in the legal hierarchy, would have precedence over the nation-states and rule down on these from above. The EEC Treaty (now the EC Treaty) or *Treaty of Rome* is one of the principal legal sources within the framework of European law. It helped to smooth the way for the signing of the *Maastricht Treaty* in 1992 and, with it, the founding of the *European Union*. At the time, the majority of the population had no idea what the consequences of treaties like these would be.

“The EU is nothing more than a relay station for globalisation. Like a jellyfish, it slithers its way eastwards across the continent, devouring existing political structures and leaving behind a trail of bureaucratic slime.”

Jean-Pierre Chevenement was Minister of Education and later Minister of Defence in the left-wing government of François Mitterand. He subsequently served as Minister of the Interior under Jacques Chirac.

It undoubtedly makes sense to reach multilateral agreements, but the decisive question to be asked in each individual case must be: Is this agreement simply a devious instrument, put in place for the benefit of a minority or was it reached with the help of public participation for

the benefit of all citizens? In any case, agreements made by sovereign states with public welfare in mind do not require ostentatious, oversized buildings in Brussels and Strasbourg or administrative machinery composed of highly-paid bureaucrats and politicians or institutions with legislative powers. Today's EU is guided less by the ideals of freedom, equality and fraternity and more by elites from the world of politics and business who have joined forces to carry out their predatory raids. Exactly who EU bureaucracy is meant to serve can best be illustrated by the EU constitutional treaty, also known as the *Lisbon Treaty* or *EU Reform Treaty*, which is several hundred pages long and deals with basic economic conditions and plans for possible military action.

Due to opposition in various countries, the ratification of the EU constitution has taken a long time to complete. Within the framework of the German EU presidency, Chancellor Angela Merkel accomplished something which can only be described as a real stroke of genius. On March 25, 2007 – the 50th anniversary of the signing of the Treaty of Rome – the “*Berlin Declaration*” was issued. In an attempt to close the legitimisation gap and to ward off accusations of despotism, Merkel described in a somewhat ornate manner the blessings bestowed by the EU, omitting to mention, however, that the heads of state had already agreed in Berlin to resume their task of ratifying the controversial EU constitutional treaty, which many had hoped would be abandoned. This fact only became apparent after the meeting in Brussels on June 23, 2007, when the heads of state decided to give the treaty a superficial face-lift before ratifying it.

In the end, those in power simply rode roughshod over the last remnants of resistance put up by the citizens of individual states. When the people of France, for example, voted “No” in a referendum, the government simply amended legislation to render this decision null and void. The “No” of the Irish was likewise brushed aside and the nation badgered into voting “Yes” in a referendum rerun in October 2009. (German citizens were not even given the opportunity to voice their opinion in the first place ...) On November 3, 2009, the last EU-critical head of state, President Václav Klaus of the Czech Republic, finally buckled under to pressure and signed the “Reform Treaty”.

This document of ratification will be deposited in Rome along with all the other treaties relating to the various stages of the “European Community”, including all amendments and follow-up agreements. The so-called Lisbon Treaty or Reform Treaty is now due to come into force on December 1, 2009, creating a situation entirely without historical precedent! Never before have so many states handed over so much power to a supranational institution without the consent of the people! Viewed in the light of democratic principles, this whole procedure can only be classified as unlawful.

The unconstitutional transfer of national sovereignty to the EU, a supranational institution whose standards do not even come up to those of the majority of its member states regarding the separation of powers, has led to this enormous democracy deficit. Under German constitutional law, the transfer of sovereign rights or even the actual dissolution of the Federal Republic of Germany and its constitution would only be possible if this were the express will of the people.⁵¹

When all is said and done, neither the wording nor any interpretation of the constitution should influence our assessment of this practice. The very principle of democracy is reduced to absurdity when elected politicians hand over the power entrusted to them to third parties without public consent, thereby depriving the true sovereign, the people, of its freedom to decide for itself. The lack of democracy within the EU is conspicuous, and EU bureaucracy is becoming more and more self-important and expensive, providing a suitable environment for “bribery and corruption”.⁵² The real wirepullers and powers behind the scenes, apart from the political elite, are the lobbyists of the big corporations. More than 15,000 of them are accredited in Brussels; they have almost unrestricted access to the EU head office and their concepts are allowed to flow unhindered into laws and guidelines.⁵³ When the Lisbon Treaty takes effect, it will make it easier for corporations to push through their interests via EU policies because neoliberal free trade will have been granted constitutional status.

EU jurisdiction, to which all member states are bound, affects our water, too. On January 11, 2005, the European Court of Justice ruled in a judgement principle that, as soon as the private sector becomes

involved in a municipal utility, local authorities are under obligation to invite tenders for contracts from all over Europe. This verdict applies to all contracts relating to the supply and delivery of services with a threshold value of €200,000 and for construction contracts worth over €5 million.⁵⁴ Town and city councils are no longer free to grant contracts of this nature to municipal or local firms. Equally disastrous is the fact that 60-80 per cent of EU guidelines and laws have a direct or indirect effect on local authorities within the member states, who are compelled to adhere to these guidelines without themselves being able to exert any influence whatsoever on EU legislation.

“The European nations did not have to be forced to their knees; they volunteered to capitulate – on the initiative of the super rich, who stand to profit from this capitulation. Big corporate capital is the instigator behind the transfer of sovereign rights to Brussels, because the decision-making structures here cannot be democratically controlled, making it easier for the lobbyists to exert their influence.”

Jürgen Elsässer in his book “Nationalstaat und Globalisierung”,
published in 2009 (p.26)

The opening up of markets within the EU promotes the Europe-wide fusion of multinational companies in the gas, electricity and water sectors. Private monopolies come about as a result and price rigging can no longer be prevented, not even by the Monopolies Commission

– which has meanwhile lost its “sting”. The repercussions of all this are already being felt throughout Europe today. Even an unbiased examination of liberalisation policies cannot fail to reveal that these very soon turn into exactly the opposite, because each company will endeavour to suppress freedom of competition – this idol of undying worship – to promote its own economic ends.

Article 28 of the German constitution grants local authorities the right of self-determination. Today, however, more than 80 per cent of EU resolutions directly affect the functioning of local government, annulling constitutional law under which “all matters pertaining to the local community are to be regulated autonomously within the framework of the law”. The EU defines the economic value of services and dictates to town and city councils when they are compelled to invite tenders for contracts. If it is now starting to use its guidelines to determine how municipal water supplies are to be operated, then this is being done solely for the benefit of corporations and not the advancement of public welfare.

On July 18, 2007, the EU Commissioner for the Environment, Stavros Dimas, presented a plan which was aimed at offsetting the water shortage. In the process, he revealed the EU’s Draconian stance on water-related issues. In many places, water was too cheap and would have to become more expensive so that people would learn to use it more efficiently.⁵⁵ Member states would have to comply with this regulation by 2010, otherwise the EU Commission would take legal action against those countries which were behind schedule. Raising water prices would once again benefit the European water giants. Evil to him who suspects any kind of connection here!

As a consequence of the facts described above, we should endeavour to terminate all privatisation deals relating to water supply systems, even in cases of partial privatisation and formal privatisation (private-law company), in order to avoid the obligation to invite tenders from all over Europe. It has been revealed from within Brussels circles that the EU Commission is planning yet another aggressive assault, i.e. the liberalisation of the special-purpose associations in the water sector, which would result in the compulsory invitation of tenders

Europe-wide. This move will bring the EU a step nearer to its goal: the commercialisation of water resources.

While it may be right, and sometimes even necessary, to reach multilateral and international agreements, individual member states should not have to renounce their sovereignty – and with it their right to self-determination – in the process. “Shared” competence of the kind that the German Federal Constitutional Court is trying to explain to us and justify at present is misleading because, in a democratic country, citizens and their government must know for certain where the decision-making powers lie. There is a lot to be said against this gradual loss of sovereignty because genuine democracy, according to the principle of subsidiarity, has to start at the lowest possible level of executive organs.

The ratification of the Lisbon Treaty will have a huge impact on our lives here in Europe because it robs individual member states of their sovereignty and right to self-determination – and this to the greatest extent imaginable! An absolutely outrageous state of affairs, since a truly democratic country would never be able to cede its sovereignty without the approval of its citizens. Democracy and the relinquishing of sovereign rights are by nature mutually exclusive! Without this insight, we are dooming ourselves and future generations to enslavement.

From the point of view of corporate interests, it may well be more convenient for individual nations to lose their autonomy and be ruled by institutions like the EU and the WTO. For citizens, however, it is more beneficial if they themselves can determine their own fate and that of their local water resources. These are issues which must be settled – and settled they will be!

According to article 146, the German constitution can only be annulled or replaced by a new constitution if this is the will of the people. Since, however, existing EC and EU agreements, also known as constitutional treaties, have created institutions higher up the legal hierarchy than the German constitution – and which even run counter to its rulings in decisive matters – an illegal dissolution of the German constitution under article 146 has already taken place.

The EU lacks any real democratic legitimisation because it repre-

sents the interests of the business sector without ever consulting its citizens. It would only be possible to reform the EU if national referenda were held throughout the member states on all important issues, allowing the public to curb the decision-making power of this organisation. Since this is not the case, the transfer of authority to the EU (and likewise to the WTO) must be regarded as a coup d'état, against which article 20.4 of the German constitution not only permits opposition, but renders it absolutely imperative.

The future holds two options in store for us: either we succeed in rebuilding a system of genuine democracy or else bloodshed and destruction will ensue. This is why we must do everything in our power to reinstate democracy – in other words, to establish a community based on the rule of law, in which all state authority lies in the hands of the people. Since, however, the individual member states have renounced their sovereignty, all that remains for any of them to do is to secede from the EU while this is still possible without bloodshed, i.e. by means of peaceful but firm opposition from grassroots level upwards, a process which must be initiated as soon as possible if nations wish to be able to make their own autonomous decisions in future, right down to local government level. This goal can only be achieved by withdrawing from the EU or disbanding the institution in its present form.

Time and time again, the EU Commission has tried to present itself in a favourable light – and its image certainly needs an infinite amount of polishing up! In June 2008, in its latest attempt to do so, the commission promised to publicise a register of its lobbyists and pressure groups.

Just what has become of this 2008 pledge is commented on by Corporate European Observatory (CEO) as follows:

The Commission's Lobby Register One Year on – Success or Failure? June 4, 2009

One year after the launch of the EU Commission's voluntary lobby transparency register, ALTER-EU has published a detailed report highlighting its failures and putting forward concrete proposals for improvement. The study reveals that only around 23 per cent of Brussels-based lobby organisations have registered so far and that much of the information disclosed is insufficient or questionable. Think tanks and law firms are boycotting the register, while major corporate lobby groups are still poorly represented. This shows the inadequacy of the Commission's voluntary approach.



While the flags of the individual member states can be seen flying outside the European Parliament Building in Brussels, flags of a completely different nature fly in the inner courtyard (photo: Corporate European Observatory, Amsterdam)

According to the ALTER-EU report, unclear financial disclosure requirements allow lobby groups to disguise the size of their lobbying effort, making it impossible to determine who the biggest spenders really are and which policies they are trying to influence. The lack of clear guidelines also means that the register is increasingly cluttered by

associations which play no role at all in lobbying the EU. ALTER-EU is urging the Commission to:

- develop a mandatory system to replace the current voluntary register in 2010;
- close loopholes on financial disclosure and provide clear and broad definitions of what constitutes lobbying;
- punish non-compliance and the disclosure of misleading information;
- end exemptions for sectors such as competition policy.

www.corporateeurope.org (English)

THE DIMENSIONS OF 10 WATER PRIVATISATION IN GERMANY

The Federal Republic of Germany plays a double role on the stage of water commercialisation, being at the same time both perpetrator and victim: perpetrator, because the country constitutes a driving force behind the neoliberal agendas of the WTO and EU. Its large proportion of votes also makes it one of the leading players in the field of World Bank and IMF policies. The government's strategies are unambiguous: markets are to be opened up via institutions such as the EU and WTO and the interests of German businesses are to be promoted with the help of its own national "executive organisations" such as the GTZ (German Association for Technical Cooperation), the DED (German Development Aid Service), the KfW (Reconstruction Loan Corporation), Hermes AG and the diplomatic corps.

On the other hand, local authorities in Germany and the communities they serve – i.e. the public – have become victims because the repercussions of neoliberal policies do not stop outside one's own front door. For German companies, the domestic market is just as attractive as the international one, but foreign business enterprises also want to get a look-in when German infrastructure is being privatised, a fact which is now making itself felt in many German cities. In Berlin, water prices have risen by 50 per cent within only six years and 2,000 employees of the former municipal utility companies have already been made redundant. The situation looks more or less the same in other German cities.

10.1 Taking Stock of Privatisation – An Alarming Balance

In the course of the past years and decades, the German government – regardless of its particular political shade at any given time – has played a leading role in implementing a neoliberal agenda at both national

and international level and in the sell-out of public assets. Even the Red-Green coalition government was not willing to break with the privatisation doctrine of its Christian Democratic-Liberal predecessor. On February 26, 2004, ex-Chancellor Gerhard Schröder made a speech before the Chicago Council on Foreign Relations, in which he reduced the neoliberal creed to a concise formula by stating that: *“Free world trade provides decisive impulses for growth and employment. That is why we are in favour of liberalising the trade in commodities and services even further.”*

Other German politicians can be heard singing from the same hymn sheet. Dr. Uschi Eid, former Green permanent secretary in the Ministry for Economic Cooperation and Development (BMZ), did her utmost during the Red-Green period of office to smooth the way for German corporate interests worldwide, using the ministry’s apparatus, e.g. with the assistance of the GTZ. She is extremely interested in “the participation of private enterprise”: *“We are aware that this is where considerable business opportunities lie. [...] At the same time, you and I both know that this in itself has not been enough to allow German companies to be successful when tendering offers for large contracts at international level, that is, to win the actual contract. This I find highly regrettable.”*⁵⁶

The Red-Green government had its sights on water supplies for other reasons, too. In March 2002, following a Bundestag resolution earlier that year,⁵⁷ it presented its *Suggestions for the Modernisation of the German Water Industry and for Greater International Involvement by the German Water Industry*.⁵⁸ In the report, the Ministry of Economics spoke out in favour of a “reallocation and consolidation” of the more than 6,000 national water utilities – whose subdivisional structure had always been a thorn in the flesh of the big corporations – and called for the establishing of powerful enterprises which would be able to defy the global players in the water market.

10.2 Government Strategies for the Reallocation and Consolidation of Water Management

One example of how the German government is pursuing this goal of “reallocation and consolidation” is the concept of “motivational regulation”, whereby the Federal Network Agency (BNA) brings pressure to bear so that charges are cut for the use of the electricity grid. The president of the agency, Matthias Kurt (SPD), believes that this measure will lead to a lowering of electricity prices⁵⁹ and he intends to prescribe a “fitness programme” for network operators, which would reduce charges for the use of the grid by up to 40 per cent in the medium term.⁶⁰ The practical implications of this are: all local government bodies and network operators are being asked to complete a registration form comprising 16,000 data sections, with enquiries dating back as far as 1945. This in itself is enough to bring smaller operators to their knees because they just do not have the capacity to carry out this time-consuming task. It is estimated that half of the 140,000 jobs at the 700 or more municipal works departments are at risk and that there will be a decline in maintenance investments. Smaller works departments would have to be sold off.

Although water supplies are not explicitly mentioned in this regulatory concept, they will also be affected because, in smaller utility companies, they are operated under one roof, together with electricity and gas. Municipal budgets will suffer a further negative knock-on effect. Cross-subsidising, which has taken place up to now, using the surplus from network charges to balance out large deficits in other sectors such as public transport, swimming pools or cultural amenities will no longer be possible.

10.3 Public-Private Partnerships (PPP)

Another example of how the government is pushing ahead with its surreptitious privatisation of public facilities is a small brochure, published by the SPD Bundestag fraction in December 2004, with the

unspectacular title *Public-Private Partnerships. New Opportunities for Public Services*. Behind this modest title, however, lies a privatisation model which is already known in principle as Public-Private Partnership (PPP), but which is now to be propelled forward even more rigorously by means of statutory requirements. On July 1, 2005, the Public-Private Partnerships Acceleration Act got through parliament and came into force the following September.

The brochure endeavours to convince out-of-pocket town and city councils that they are no longer able to carry out their duties by themselves – e.g. the renovation of schools. Private operators, who usually buy an object and then lease it back to the community – so the drift of the argument – would be able to work more efficiently; between 10 and 20 per cent of costs could be saved. In reality, local authorities are getting a very bad deal because they have to commit themselves to ministering to the financial demands of the private company over a lengthy period of time.

The offer of short-term financial assistance, allowing local authorities to breathe a temporary sigh of relief, is a very tempting one indeed. The long-term costs, however, are usually much higher because they apply to the entire period of contractual validity. Like borrowing, these costs place the burden on the shoulders of future generations as well. All this goes hand in hand with the progressive loss of freedom to make autonomous decisions.

The details of the Public-Private Partnerships Acceleration Act were elaborated by a team of 40 bureaucrats, 60 representatives from the world of private enterprise – and Mr. Kornelius Kleinlein, a commercial advisor at Hogan & Hartson. This big U.S. international legal corporation has excellent connections: as well as owning an office in Berlin, it has more than 1,000 lawyers who are active worldwide.⁶¹

It is worth mentioning that Mr. Kleinlein offered his “legislative expertise” to the SPD project manager free of charge – *honi soit qui mal y pense!* Once he had set to work, he proposed an amendment to the Federal Budget Code which, up to now, had made it difficult to privatise those public assets regarded as being “essential”. With the PPP Acceleration Act, the way would now be free for the sale of

major roads, administrative buildings, schools and infrastructure installations.

It was by no means the PPP Acceleration Act which heralded in the disposal of government property, however. Sales activities were already increasing dramatically while Helmut Kohl (member of the CDU party and former German chancellor) and his government were in office and these were continued by their Red-Green successors without any transitional period: the year 2003 saw the sale of the remaining Telekom shares; the privatisation of postal services – introduced in the 1990s – has now been completed; and in 2000, the government’s printing offices were sold, which means that identity cards and other documents are now printed by a private firm.

Franz Müntefering, who not so very long ago hit the headlines after making critical comments about “locusts”, was himself responsible – as Minister of Transport – for the sale of 295 motorway petrol stations, inns and motels back in 1998. The franchise for Germany’s dual waste disposal system with the green symbol was acquired by the financial investors Kohlberg Kravis Roberts & Co. (KKR), an aggressive private equity fund. After being evaluated by PricewaterhouseCoopers (PwC), the green symbol was sold for €260 million, but insiders estimate that its real value was more than €1.4 billion.⁶² This is a highly lucrative business and the DSD GmbH (Duales System Deutschland), the company responsible for operating the system, now has a very real “as raining gold coins” – a never-ending supply of them! – at its disposal.

Health Minister Ulla Schmidt sold off 82,000 apartments belonging to the Federal Insurance Institution for Salaried Employees (BfA) to the Fortress Investment Group for €3.5 billion. Prior to this, these apartments had been managed under the roof of the non-profit-making housing association GAGFAH. It was no coincidence that the Deutsche Bank had carried out a survey revealing that, at the end of 2005, three million apartments were still in local authority hands – an ideal target for financial investment giants such as Blackstone, Cerberus, Fortress or Terra Firma Capital Partners!

The decisive factor with regard to PPP projects is that they do nothing to help local councils in the long run, but instead drag them down

even further into the financial abyss. It is true that hardly any costs are incurred at the outset, e.g. when a private investor builds a school and then either operates it himself or leases it to the municipality, but when rental payments for the entire negotiated duration of the contract are added up, the community ends up paying considerably more.

One further problem resulting from PPP transactions is that, more and more often, sovereign functions are being handed over to private investors. These include the printing of passports and identity cards, air traffic control, the running of prisons, the operation and maintenance of roads, motorways, bridges and tunnels, and many other things. The accompanying loss of control has a destructive effect not only on a community's finances but also on its democratic culture.

10.4 **German Federal Ministry of Economics and Technology (BMWI)**

The Ministry of Economics may be regarded as the most aggressive privatisation authority within German politics. In the past, these offices have repeatedly launched one new offensive after another aimed at advancing liberalisation and privatisation – and they still continue to do so. In August 2005, the ministry published a water manual to encourage the formation of highly efficient local authority and public-private-enterprise companies operating in the field of water supply and distribution as well as sewage disposal.⁶³ Under the heading “International Participation”, attention was drawn to “the challenges of the international water market, which even municipal companies will no longer be able to steer clear of”. The manual then went on to point out that: *“It is a matter of great importance to the government that the German water industry’s international involvement in the realisation of the millennium goals be consolidated and that even better opportunities for the domestic market be exploited in the process.”*

The millennium development goals are an 8-point resolution,

passed by 189 heads of state and government at the UN Millennium Summit in New York in the year 2000. These goals are to be achieved by 2015 and contribute towards a more just world and an improvement in living conditions for all people. Millennium goal No. 7 refers directly to water: the number of people who have no sustainable access to healthy drinking water is to be cut by half. What sounds reasonable enough at first is nothing other than the promotion of trade and commerce under the guise of humanitarian aid at the taxpayer's expense. On closer examination, it turns out to be one of the greatest cover-up campaigns of the present day, intended to pave the way for multinational giants to get their hands on water supplies in the Third World.⁶⁴

Even after the end of the Red-Green coalition government, the raid on water supplies continued unabated. On June 13, 2006, Michael Glos (CSU), Minister of Economics, spoke at the main conference of the National Association of the German Gas and Water Industry and the National Union of German Gas and Water Experts in Dresden, and emphasised "Germany's responsibility for solving the global water crisis and our role in the international water market". At the same time, he argued that the current small-scale subdivisions within the German water industry would have to be overcome, since this petty way of thinking was no longer able to meet today's demands for efficiency and competitiveness. Something would have to be done at last about relaxing the domestic principle, which ties local authority enterprises to their existing locations. A renunciation of the rigid domestic principle would allow these businesses to become more involved at international level.

Glos also commented on the sewage disposal sector, which big companies have been longing to get their hands on for some time now: the time had come to amend the laws of the individual states to authorise the legal transfer of the sewage disposal branch from local authority control to private third parties. Regarding the existing exemption of the sewage disposal sector from sales tax, Glos stated: "*This tax discrimination between the drinking water and sewage disposal sectors⁶⁵ will not be able to withstand the critical gaze of the EU guardians of competition and those private companies keen to*

get into the sewage disposal market.” – The striking thing about these quotes is that they refer almost exclusively to economic interests, with little or no mention of the everyday needs of the population.

More and more thought is being given to the possible sale of motorways, and the stock market flotation of German Railways appears to be agreed, even if opponents can succeed in gaining considerable support at the eleventh hour. Not much will be left by then. Even the sale of the 3,440 tons of gold in the world’s second-largest national gold reserves is no longer out of the question.

If the World Bank continues to push ahead with the trade in water rights, all rivers may soon be up for sale, too, or at least the relevant water extraction rights – as is already the case in some parts of the Third World.

Selling off public property will not put an end to the rapidly-growing indebtedness of the nation and its provincial states. The only beneficiaries will be the financial investors, who stand to make vast profits as a result. There will, however, be an irretrievable loss of state sovereignty and the freedom to make autonomous decisions.

10.5 **Praise from the World Bank**

In autumn 2005, the World Bank praised the German government for its policies: Germany was “one of the most business-friendly nations in the world” and had done “a great deal to facilitate corporate activities, but it still has a lot to do to catch up on the best countries in the world, New Zealand, Singapore and the USA”.⁶⁶

Praise like this can act as an incentive. The draft of the new CDU (German Christian Democratic Union party) Declaration of Principles (item 165) states: “*We have to allow more freedom and competition. This means, first and foremost, opening up markets and keeping these markets open, preventing unfair competition and counteracting any concentration of economic power which threatens competition. We plan to limit and cut back on government subsidies and push ahead*

with the privatisation of business enterprises which are still partly state-owned. It is essential, above all at communal level, that the state only then be actively involved, when a service cannot be provided equally well by private operators.”⁶⁷ This implies that virtually everything is to be privatised and that joint stock companies are more than welcome to take care of duties which used to be carried out by local authorities. In the chapter “Who We Are – Our Image of Man and Our Basic Values”, we can read: “... Our policies are based on the Christian understanding of man and his responsibility in the face of God. It is the Christian understanding of man which provides us with the ethical basis necessary for responsible politics.”

Politicians belonging to the CDU party have their own very bizarre way of interpreting Christianity: what they essentially do is gravely misuse the image of the Christian faith for political purposes, summoning God to the scene to help them organise the sell-out of essential public resources behind this pious veneer. I wonder what God himself would have to say about this... Even more ludicrous still is the way these politicians fiercely criticise the granting of state subsidies and the distortion of competition while, at the same time – they are in office at present – handing out more than €100 billion to the HypoRealEstate (HRE) alone to cover the astronomical losses incurred by the bank as a result of its speculative investments. It is just as well no-one is going to beat them with their own cane – the one they tyrannised the developing countries with in the past!

10.6 The Privatisation of the Berliner Wasserbetriebe – with Profits Guaranteed

by Gerlinde Schermer and Sabine Finkentheiß

Berlin is the capital of Germany and has a population of 3.4 million. The partial privatisation of the Berliner Wasserbetriebe (BWB) was part of the Berlin government’s comprehensive privatisation strategy from

1996 onwards, which resulted in the sale of the municipal electricity and gas networks and over 100,000 local authority apartments to private international corporations.

In 1999, via a complex holding structure, the private investors RWE (Germany) and Veolia Environnement, formerly Vivendi (France), bought a 49.9 per-cent interest in the Berliner Wasserbetriebe (BWB), a municipal water company, for the sum of €1.67 billion. The companies were guaranteed an enormous annual rate of return laid down in secret contractual documents and backed by a brand new law governing partial privatisation.

Responsible for the privatisation deal was the grand coalition, made up of CDU and SPD, under the overall control of finance senator Dr. Annette Fugmann-Heesing (SPD) and Mayor Eberhard Diepgen (CDU). The Partial Privatisation Act was drawn up by the law firm Finkelnberg & Clemm (now White & Case). This act was declared unconstitutional in part by the constitutional court in Berlin – in particular the regulation of calculated returns included in the water price. Nevertheless, these regulations were retained in the secret contracts guaranteeing RWE and Veolia annual yields for a minimum period of 30 years. The amount involved is proportionate to the average yields on ten-year federal loans over the previous 20 years, plus 2 per cent (R+2 formula) and is based on the annually-increasing operating capital required by the water utilities: in 2007, this came to around 8.5 per cent based on €3.6 billion. Following privatisation, employees were made redundant and maintenance services drastically reduced in order to cut costs and increase profits. In addition to these measures, an immediate price increase of 30 per cent would have been necessary to guarantee the promised annual rate of return. Because the government – for political reasons – had no wish to raise prices immediately or to such a large extent, the state of Berlin was forced to do without part of the profits it was entitled to in favour of RWE and Veolia. Meanwhile the public is footing the bill for this privatisation deal through a 28 per-cent price increase.

It must also be pointed out that managerial control of the company was handed over to the investors RWE and Veolia even

though the federal state of Berlin remains the lawful owner. After the massive price increase in the wake of privatisation, many Berlin citizens fear that cutting maintenance costs to benefit corporate greed will, in the long run, cause damage to the state of the water pipes and ultimately have a detrimental effect on the quality of drinking water. For years now, activists in Berlin have been trying to remunicipalise the city's water utilities to allow the public more control. In 2006, the citizens' initiative "Berliner Wassertisch" ("Berlin Water Table"), an alliance of various NGOs, came into being with this goal in mind. In 2007, the Berliner Wassertisch initiated a petition for a referendum, demanding that the secret contractual documents be disclosed. Although 40,000 Berlin citizens signed this petition, the Berlin state government, made up of SPD and Linke (left-wing) politicians declared the petition inadmissible on the grounds that it was imperative to keep the documents secret because otherwise – allegedly – the private investors' right to business and operating secrets would be violated. It is conceivable that the government is afraid that disclosure would result in a wave of public recovery suits, if it came to light that the political negotiators of the deal had knowingly agreed to the additional burden to taxpayers resulting from calculated corporate yields. The Berliner Wassertisch lodged an objection against the dismissal of the petition before the constitutional court in Berlin on the grounds that – where such essential public services ("Daseinsvorsorge") are concerned – public interest should outweigh the wish of private parties to keep documents secret. The hearing took place on July 14, 2009 and on October 6, the court decided (reference number: VerfGH 63/08, Verfassungsgerichtshof des Landes Berlin) that the public petition was valid and could proceed to the next stage, i.e. the referendum itself, for which a total of 170,000 signatures will have to be collected in Berlin. The activists see this court judgement as a clear signal that direct democracy is gaining strength in the German capital.

Even though courts may not often rule in favour of the public in such cases, citizens all over the world should endeavour to appeal to the courts in their own countries to have the wording of contractual documents disclosed and attempt to secure a referendum by legal

means. Matters concerning the general population must be made public and citizens themselves must be allowed to decide whether or not a referendum is admissible on a specific issue. This follows conclusively from the principle of democracy, according to which the citizens of a town or country are the highest authority.

The German market – especially the water sector – is an important one for service companies because they hope to be able to conquer foreign markets with the know-how and experience of domestic utilities personnel. The example of Berlin shows us how this procedure works. When the Berliner Wasserbetriebe (BWB) was partially privatised in 1999 and the Berlinwasser Group or Berlinwasser Holding AG subsequently came into being, a little “global player” was born.

The state of Berlin has a 50.1 per-cent interest in the consortium and RWE and Veolia together own 49.9 per cent. Despite their minority interest, these giants call the tune. Apart from supplying drinking water to the city of Berlin, the Berlinwasser Holding is active in several countries via its subsidiary Berlinwasser International.

www.berliner-wassertisch.net (German)

10.7 **The Remunicipalisation of Potsdam’s Water Supply**

by David Hachfeld

Potsdam is the capital of the federal state of Brandenburg in Germany and has a population of around 150,000. In 2000, not long after the privatisation deal had taken place, the city remunicipalised its water company. What led to this move? Although this is an interesting case, only very little has been written about it. On December 17, 1997, Potsdam City Council decided to sell 49 per cent of shares in the municipal water company Wasser Potsdam GmbH to Eurawasser, a subsidiary of Suez and the German Thyssen Corporation, for the sum of DM167 million (€85 million). In the months that followed, the

complex details of the privatisation deal were laid down in 13 individual contracts. Since the agreements between the council and the investors were kept strictly confidential, only few details have become known. One of the most important aspects, however, is the fact that managerial control of the company was de facto conveyed to Eurawasser despite its minority 49 per-cent share. Conflicts between Eurawasser and the council became evident in 1999: the deputy managing director, who had been delegated on to the board of the company by the council, retired and his successor, Peter Pfaffhausen – who at the time was also manager of the municipal electricity company – refused to go along with decisions which would be detrimental to the city. These were, among other things, decisions on procurement contracts in favour of Eurawasser and the methods used by the company to record its expenditure: Eurawasser was interested in recording expenses not as operating costs but as investments, since the municipality was solely responsible for financing the latter. As there was no satisfactory solution in sight, the council began to develop a remunicipalisation strategy behind the scenes. Due to the complex construction of the contracts, these preparations took five months to complete. The formal act of remunicipalisation eventually took place at the company shareholders' meeting on June 19, 2000 – unknown in advance to Eurawasser. By means of this meticulously-prepared trick, the council succeeded in taking Eurawasser completely by surprise and getting the company to agree to sell back its shares.

The formal possibility of buying back the shares had always existed, but such a move seemed practically impossible because of the necessity to gain the water company's approval and to pay back the purchase price. The council, however, painstakingly studied the contracts and discovered that the original purchase price for the privatisation deal had not actually been paid by Eurawasser. Instead, the DM167 million had come from a bank which, in return, became entitled to the revenue generated by company water charges over a period of more than 20 years, amounting to about DM400 million (€205 million) (non-recourse financing). Thus Eurawasser did not in fact pay anything for the purchase. Consequently, the council reasoned

that it would not have to pay back anything to Eurawasser in the case of a repurchase agreement. Without disclosing its intentions at the shareholders' meeting, municipal representatives proposed equipping both managing directors, one of whom was dispatched by the city and one by Eurawasser, with exclusive representation rights. Immediately after Eurawasser had agreed to this proposal, Peter Pfaffhausen, the managing director delegated by the council, used this right to accept the repurchase move.

Eurawasser, totally thunderstruck by these events, protested against the decision and demanded compensation. It remains uncertain whether or not lawsuits for compensation payments or against the unexpected repurchase move would have been successful before a court. Suez, in particular, was keen to avoid a court trial, fearing a slur on its international reputation once details of the conflict were released to the public. Thus, at the beginning of 2001, after many rounds of discussions, both parties agreed on an out-of-court settlement. Few details of this secret agreement have been disclosed: Eurawasser was given a final number of service contracts and received an unknown amount of compensation, estimated to be as much as DM25 million (€12.8 million). The decisive factor leading to the remunicipalisation was the future price developments projected by Eurawasser: the water price would eventually have increased by over 100 per cent, reaching €8.39 per m³ by 2017. The council, however, must have known in advance that privatisation would lead to higher charges. The substantial price increase was first and foremost the result of the non-recourse financing used in the privatisation deal. This is, in effect, simply an expensive credit granted to the city, which has to be paid back by water users. Accordingly, due to continued obligations, tariffs continue to rise even after remunicipalisation, albeit to a lesser extent than in Eurawasser's forecasts.

Overall, the remunicipalisation process in Potsdam has produced ambivalent results. On the one hand, through the council's cunning actions, water provision has been removed from the realm of profit-making interests and Eurawasser's control. This can be regarded as social appropriation of company ownership, even if local authorities

and customers have to pay a high price for it. On the other hand, obligations arising from the non-recourse financing remain in place and the for-profit logic still exists with regard to Potsdam's water supply and sanitation system, to the detriment of users.

10.8 Further Cases of Successful Remunicipalisation in Germany

Some time ago, Ulm City Council's department of works regained control of the gas and water mains networks in Herbrechtingen, Langenau and Blaubeuren. Retrospective to January 1, 2006, the wine-growing village of Hagnau on Lake Constance, in cooperation with the department of works in Friedrichshafen, remunicipalised its local utilities. When the franchise agreement runs out in 2011, the authorities in Hagnau intend to buy back their electricity mains network from EnBW as well. Ahrensburg is another town which swam against the tide of privatisation and reconnected its remunicipalised gas supply to the mains network in October 2006. The franchise agreement with E.ON Hanse AG had expired in 2003 and a lawsuit against the energy giant was terminated in favour of the municipality.

Roland Schäfer, Mayor of Bergkamen and President of the Association of German Cities and Local Communities (DStGB), is well versed in remunicipalisation matters and scrutinises all franchise agreements which are due to expire, before renewing them. He recommends that, if a council has the possibility to earn money or to charge its citizens less – for example, by running the local electricity supply – then the opportunity should be taken. His town's balance sheet also proves that price reductions of up to 25 per cent are possible. Meanwhile, local authorities there have taken over control once again of the electricity supply and the town's street cleaning and refuse disposal services. The next step for Schäfer will be to examine the municipal water supply. Reimer Steenbock, manager of the Association of Towns and Local Communities in Rhineland-Palatinate, is also working towards the

same goals and striving to heighten the awareness of local authorities in his state with regard to (re)communalisation.

In many other German towns and cities, local authorities have now begun to reflect on the remunicipalisation of public services. After years of privatising electricity, gas and water supplies, the tide now seems to be turning.

The reversal of a transaction can be brought about by means of a local council resolution or a local citizens' referendum. Where there is a private minority interest in the asset, as in Potsdam, this goal is easier to achieve. Stuttgart, however, is undoubtedly one of the most complicated cases, since the city council sold off its entire gas, electricity and water supply systems as well as the subscription rights for the water extracted from Lake Constance.

In 1997, the "Electricity Rebels" from Schönau succeeded in buying back their electricity supply, after forcing through a fair price in the course of a prolonged lawsuit. The amount of compensation which private companies claim when transactions are reversed is often unjustified. Under the Act for the Promotion of the Fuel and Electricity Industries, an expert opinion must be sought to determine the value of an asset – i.e. an unbiased and independent assessment.

If a mutual agreement cannot be reached, then steps should be undertaken to secure compulsory expropriation, which is linked to the concept of public welfare under article 14.3 of the German constitution. Since a municipal water supply is an integral part – if not the main part – of our essential public services, referring to public welfare when arguing a case would be more than justifiable. Considering how farmers on the Filder Plain near Stuttgart were compulsorily expropriated in favour of a private exhibition centre, this course of action should certainly be possible with regard to a public water supply.

10.9 The Selling-off of Lakes in Eastern Germany

Privatisation madness is rampant everywhere. People often think that the sale of rivers and lakes is something which is only happening in developing countries. Far from it! For years now, and in a very carefree manner, lakes have been sold off in Eastern Germany – but not only lakes, however. The laws and regulations drawn up within the framework of German reunification, in particular the reunification treaty and the Treuhandgesetz (Treuhand Act), provide the legal basis for these deals. The Treuhandanstalt (Treuhand Agency), also known simply as the Treuhand, was founded with the main aim of privatising the national wealth of the former German Democratic Republic. With the coming into effect of the Treuhand Act in 1990, the Treuhand Agency – and consequently the Federal Republic of Germany – became the owner of the former GDR's national wealth. The first president of the agency was Karsten Rohwedder, who had earned himself the reputation of being a tough “reorganiser” in the Ruhr steel industry. A few opportunities for participation had graciously been included in the Treuhand Act, but Rohwedder chose to defy these regulations. Instead, he installed a centralist structure like the ones usually found in large banks, thus creating the ideal foundation for the plundering of the GDR's wealth to the advantage of a handful of big players. Not even the federal state governments and members of parliament were granted access to the sales contracts relating to this large-scale privatisation programme. On top of this, Rohwedder set up a “super committee”, made up of representatives from McKinsey, Roland Berger and chartered accountants from KPMG and PricewaterhouseCoopers (PwC).

The most important business enterprises of the former GDR, such as retail-shop chains, energy suppliers, newspapers, insurance companies and banks were handed over to the largest West German companies in the same branch. The Deutsche Bank received two thirds of the branches of the former East German state bank; the remaining third went to the Dresdner Bank. The Allianz AG was granted the state's insurance monopoly. The largest energy corporations grabbed

electricity and gas supplies as well as the brown coal industry. U.S. investment banks were also allowed to share the spoils. Goldman Sachs arranged the privatisation of the company known as Leuna State Combine, the largest chemical manufacturer in the former GDR.

This turned out to be a real self-service eldorado for the consultancy firms: they produced their own value estimation reports, charging fees of up to €2,000 per day.

By 1994, these firms of consultants had enriched themselves in this way by more than €200 million annually for the “advisory services” rendered. Some former East German factories were sold for the symbolic sum of one German mark. Others were simply shut down, if this was in the best interests of western rivals, or else bought by investors who were then granted huge subsidies – either to “offset losses” or for “infrastructure renewal”.

One particularly scandalous aspect of this whole affair, and one which remains unatoned to the present day, was the treacherous behaviour of the large consultancy firms, who offered their expert advice not only to the Treuhand, but also to the investors who were buying companies from the agency. This set-up put the consultants in an ideal position to secure personal gain for the buyers. Although punishable under criminal law, these acts of embezzlement – as well as countless other criminal offences committed in this connection – have yet to be brought to court!

The way agency posts were filled was also outrageous. Managers were “subcontracted” from other companies and people who worked for the Deutsche Bank, the Commerzbank or the Dresdner Bank were also hired, along with employees from VEBA, PreußenElektra, ARAG, IBM, Siemens, Hoesch, Kaufhof, Tschibo, Reemtsma and other enterprises. Around 300 of these Treuhand staff members continued to work for their original companies at the same time, paving the way for fiddling and corruption. While carrying out their “duties”, Treuhand employees were granted freedom from all liability – even in cases of proven “gross negligence”!

Thus an area not governed by law, a kind of “exceptional” economic zone, was created, where global players could realise their

interests without being disturbed – to the detriment of the citizens in Eastern Germany, who were not only robbed of their own lawful assets on the road to “reunification” but also denied any opportunity to become entrepreneurially independent. Thousands of medium-sized businesses, artisan workshops and farms were “conquered” or expropriated in this manner. At the outset, the value of the East German companies alone was estimated to be around €300 billion. And yet the Treuhand Agency, despite having sold off the GDR’s wealth, left behind debts totalling more than €100 billion, which the German government agreed to pay. Another indication of the economic activities of the Treuhand is the fact that many investors still receive sizeable subsidies from individual federal states, the German government or the EU for “infrastructure renewal”. In 1994, after diverse problems and serious cases of white collar crime committed during the privatisation period, the Treuhand Agency was dissolved. What remained of the former GDR’s wealth was divided up between successor agencies. One of these is the Land Use and Administration Company (BVVG), which has been selling off lakes, ponds, woodland, arable land, mineral resources and buildings for the past years. In the state of Brandenburg alone, more than 14,000 hectares of inshore waters have already been disposed of and a further 15,000 hectares of lowlands full of lakes are due to be privatised in the years to come. The communities concerned are all granted the right of first refusal and can acquire the right of disposal of their lakes once again, if they buy them from the German government. Should, however, the communities be unable or unwilling to pay the amount requested, the BVVG simply sells the lakes to the highest bidder. Depending on the wording of the contracts, the new owner is free to decide whether or not to allow the public to “utilise” his or her lake (for a fee, of course). This can be a highly lucrative business, especially where villas with their own private access to the lakeshore are concerned. The general public is then told to “Keep Out!”

Twenty kilometres from Berlin lies the Wandlitzsee. In the past, people used to enjoy coming to this lake to go sailing, bathing, rowing, angling or diving – free of charge! In July 2003, the lake came under

the hammer and the community of Wandlitz, composed of nine independent villages, was offered the chance to acquire it for €420,000. In other words, residents were being asked to pay for a lake which had always been theirs! As the community did not have this amount of money, the lake was sold to the Teutonia real estate company in Düsseldorf. Teutonia, in turn, transformed the lake into a joint-stock company and offered the former users preferential shares for the use of swimming and boat piers, something which would have bestowed profits of €750,000 on the speculators. In addition to this, Teutonia demanded an annual rent of €10,000 from the community for the use of the bathing jetty at the communal lido, a demand which led to a lawsuit. Similar disputes are taking place elsewhere with regard to other lakes.

*“How can you buy or sell the sky, the warmth
of the land? The idea is strange to us.
If we do not own the freshness of the air or
the sparkle of the water, how can you buy
them from us? What Chief Seattle says, the
great white chief can rely upon with as much
certainty as our white brother can upon the
return of the sun or the seasons.”*

Chief Seattle of the Duwamish tribe to the U.S. president, Franklin Pierce, in 1855

Meanwhile opposition is growing. Newspapers have been reporting on the privatisation of lakes and the BVVG announced in August 2009 that, “for the time being”, no more lakes would be sold because the company was far too busy at present with the sale of arable land. Critics assume that this statement was just a gesture intended to calm

the public down and prevent any disruption of the September 2009 general election.

These examples illustrate how far privatisation madness can – and does – go! Why on earth does a wealthy nation like Germany have to sell off its lakes? The BVVG is proud of itself for having made €15 million selling lakes since it was founded. But what are €15 million more in the federal budget when, on the other hand, umpteen billions of euros are being handed out to banks which lost their money at the international gambling table! And the question remains: Is it at all possible to buy and sell lakes? Can something be sold which was given to us by Nature for our common free use? Whoever could be presumptuous enough to sell Nature?

www.bvvg.de (German)

10.10 **Compulsory Connection to the Sewerage Network**

The privatisation of the former GDR's wealth reveals some further aspects which are directly related to water supplies. Not only were companies and factories the objects of desire, but public services facilities, too. Thus investors were able to purchase numerous supply networks and sewage works, mostly with the added bonus of enormous subsidies and price reductions. Investments were made in oversized sewage treatment plants on the assumption that the number of inhabitants would grow or at least remain constant. Two measures were introduced to make sure that as many people as possible would have to pay sewage charges. First of all, many small communities were compulsorily incorporated so that they could be connected to one of these large treatment plants. Secondly, house owners were and still are being forcibly connected to centralised plants even though they themselves have been successfully using their own biological "treatment plants" for a long time. The additional costs incurred by house owners on account of compulsory connection are threefold: firstly, the connection fee alone

comes to around €50,000, money which many people just cannot afford, and properties have meanwhile been put up for compulsory auction as a result! Then there are the sewage charges of several euros per cubic metre, which owners of biological treatment plants did not have to pay in the past. Finally, in an increasing number of towns, an additional charge is being levied per square metre for the disposal of rainwater which falls on paved-over areas of citizens' properties. Although §18 of the German Water Management Act grants biological water purification parity of treatment with conventional industrial methods, house owners are being forcibly connected to the main plant in an increasingly ruthless manner. The following report from the *Tagesspiegel* of September 10, 2008 illustrates one such case:

Briesensee. Barricades against the Compulsory Connection to the Sewerage System.

Because she has her own biological sewage purification plant, a mayoress from the Dahme-Spreewald District adamantly refused to be connected to the public sewerage network. The police have now carried her from her property. On Wednesday, the police forced through the compulsory connection of two properties to the public sewerage system. A police spokesman said that local mayoress Doris Groger (Independent) had had to be carried from her property in Briesensee (Dahme-Spreewald District). Five people were temporarily taken into police custody. In Rauen (Oder-Spree District), on the other hand, it was possible to persuade the house owners to allow construction work to go ahead. According to reports, the protests there remained purely verbal in nature.

In Briesensee, the Lieberose-Oberspreewald authorities had summoned the police to help them enforce the compulsory connection measures. The police spokesman said that the woman had barricaded herself into the property together with her sons and several supporters. She had welded up the gate, piled scrap metal behind the entrance and placed numerous stones and bottles on the

path. In all, 25 police officers were at the scene, including an anti-conflict team. The police asked everyone to come out, but Groger and her comrades-in-arms refused to leave the house. The officers then carried the persons from the property, whereby they met with considerable opposition. These persons were soon afterwards released from police custody. The local mayoress herself was only released around 11am, after construction work had been completed.

Doris Groger (56)
is dragged from her
house by the police, so
that her property can
be forcibly connected
to the centralised
sewerage system.
(photo: Berliner
Morgenpost/Georg
Stefan Russew)



The woman has her own biological sewage purification plant and has been stubbornly refusing for years, on financial grounds, to have her property connected to the public sewerage network. In 2000, the mayoress hit the headlines when she went on hunger strike in an attempt to prevent her community being connected to the centralised system. Other citizens joined in the protest campaign. (ho/ddp)

10.11 **The Anti-Privatisation Network in Germany**

In order to resist the onslaught of the water and energy companies, water activists from various German cities have set up a network called “WasserInBürgerhand”, with the aim of offering assistance to individual towns by providing and exchanging information, helping to prevent further privatisation deals and, if need be, lending a helping hand in the process of rescinding existing PPP or Cross Border Leasing contracts.

www.wasser-in-buergerhand.de (German/English/Spanish/French)

We cannot lay the blame for the impending water crisis entirely at the doors of politicians and the big water companies because we ourselves also contribute to the problem by the way we use drinking water. One very apparent – and simple – solution would be for each and every one of us to reduce his or her personal water consumption. Watering plants with water used for washing fruit and vegetables, turning off the tap regularly while taking a shower or getting washed or cleaning our teeth, re-using bath water, installing a dual flush mechanism into the toilet cistern and so on are self-evident suggestions and yet enormous quantities of drinking water could be saved by just a few movements of the hand – without compromising comfort and living standards.

11.1 Agricultural Water Consumption

The world's largest water user is agriculture, which is responsible for more than 70 per cent of consumption. At the same time, this is the very area where the greatest potential for reduction lies. In many parts of the globe, small farmers are already practising sustainable land management as an alternative model to the industrialised and purely profit-orientated agribusiness, which has become such a serious problem for both man and the environment on account of its insatiable appetite for water and land. Inefficient irrigation methods, leaking pipes, the cultivation of high-yield varieties and massive agricultural overproduction are turning vast areas into desert, which then become depopulated as a result. Thousands of people are dying every day due to lack of food and water, a disaster which could be avoided in this day and age, as we are all well aware.

The industrial nations continue to preach their doctrine of free trade and to call for its implementation – and yet they grant farming subsidies of over €300 billion a year, which is inconsistent, to say the least. The EU agriculture budget alone provides financing to the tune of €40 billion. These subsidies are being paid out first and foremost to big landowners and corporations rather than to small producers practising sustainable methods. The consequences are devastating: agricultural produce is being exported at giveaway prices and small farmers in the developing world are losing their livelihood.

This can only be prevented if benefits to public and environmental well-being are given precedence over the demands of agribusiness companies when it comes to awarding farming subsidies. The cultivation of monocultures and high-yield varieties, with their large-scale water consumption, could thus be stemmed, without jeopardising the reliability of the food supply. At the same time, we should promote the cultivation of those plants which require less water but provide equally high yields, such as mango and tamarind trees and drought-resistant varieties of fruit. Olive groves and vineyards can survive as a rule without irrigation, in contrast with today's agroindustrial practice. Varieties of cereal could also be selected according to their water requirements.⁶⁸

Even more important are the methods of irrigation used in agriculture. Just like in urban areas, leaking pipes should be replaced in order to avoid water wastage. If plants must be watered, reverting to low-tech traditional methods of storing water would be sensible: soakaways (dry wells), collecting tanks and dams. Harvesting and storing rainwater for watering plants is a particularly "healthy" solution, not only for the vegetation itself but also for the soil, which will not become over-salted. Rainwater is to a certain extent desalinated or distilled water because it is the product of evaporation.

There are some sensible modern-day methods of irrigation such as *drop water irrigation* where plants only receive the amount of water they actually need. The same method works similarly underground, supplying the plants directly at their roots and limiting evaporation loss.

“All things are sustained by water.”

Johann Wolfgang von Goethe (1749-1832), German poet, philosopher and scientist

11.2 **Agricultural Over-Fertilisation**

The use, or rather “overuse”, of fertilisers in today’s intensive agribusiness poses an enormous threat to the safety of our water resources. Fertilisers are first and foremost substances used by farmers and gardeners to increase the range of water-soluble minerals available in the soil, leading to faster plant growth and higher crop yields. The two main groups are nitrogen fertilisers (or nitrates) and phosphates.

Nitrogen fertilisers are the most important ones since nitrogen is regarded as the best plant growth promoter available. Plants absorb nitrogen mainly in the form of nitrate, which is the product of a kind of mineralisation process in nature, resulting from the breaking down of organic substances by micro-organisms, whereby all nitrogen compounds are transformed into nitrate in the soil. Modern-day farmers make use of mineral nitrogen fertilisers, such as ammonium sulphate, ammonium sulphate nitrate, ammonium nitrate, calcium nitrate, potassium nitrate and calcium ammonium nitrate, as well as organic ones, such as urea, calcium cyanamide, crushed hoof and horn, dried blood, manure and slurry. Nowadays, however, most nitrogen fertilisers are produced synthetically.

The overuse of nitrates is especially critical since nitrate is transformed into nitrite, which is damaging to our health because of the carcinogenic nitrosamines it can produce in the human digestive tract. For this reason, the amount of nitrate in our drinking water should be kept to an absolute minimum. The EG Directive 91/676/

EWG set the limiting value at 50mg NO₃ per litre. Ground water usually contains less than 10mg NO₃ per litre. Intensive farming, however, first impoverishes the soil and then overuses nitrate as a form of overcompensation for the damage it caused in the first place.

Phosphates, on the other hand, are used in agriculture to promote flower formation and fructification. Phosphates are mostly extracted from raw phosphates, such as rock phosphate, which are then solubilised by sulphuric acid or phosphoric acid. These raw phosphates can be exploited from sedimentary (fossil) or magmatic deposits. Phosphate fertilisers also cause a health problem: the soil, the agricultural produce and the water all become contaminated by uranium, a heavy metal which is always present in raw phosphates, above all in sedimentary deposits, which contain around 13-75mg/kg. When these raw phosphates are processed into superphosphates, i.e. fertilisers produced by the action of sulphuric acid on powdered rock phosphate, this content increases to 85-191mg/kg and the uranium, because of its extremely long half-life, is taken up and accumulated by the soil and the drinking water. The WHO set the limiting value for uranium in drinking water at 15µg per litre. In Germany, limits of 5µg and 10µg per litre are being discussed. The fact of the matter is, however, that many water sources already drastically exceed even the WHO limits! Every increase in the level of uranium in drinking water heightens the risk of cancer. That is why uranium levels, too, must be continuously monitored in water treatment plants and a low limiting value adhered to – throughout the world!

One further problem produced by the overuse of both phosphates and nitrates is that surplus dissolved nutrients lead to a eutrophication of lakes and other inshore waters. Eutrophication means that the excessive build-up of nutrients in a body of water causes, in turn, an excessive growth of aquatic plants, such as algae. (It can, however, also be caused by residue from washing agents or the presence of faeces.) As a result of the increased dying off of aquatic plants, a disproportionate amount of oxygen is used up during the process of decomposition. If the oxygen levels in the water drop below a certain minimum limit, aerobic bacteria are no longer able to break down

organic contamination. Instead, the decomposition processes caused by the aerobic bacteria produce toxins, such as hydrogen sulphide, ammonia or methane, and the stretch of water becomes polluted and “dies”. This in turn leads to the dying of fish. According to reports by the U.S. National Oceanographic and Atmospheric Administration (NOAA), eutrophication of this nature has caused mass mortality of marine animals in the Gulf of Mexico. Satellite pictures have revealed a similar phenomenon of colossal dimensions in the northern region of the Caspian Sea, to the east of the Volga Estuary. These zones are then referred to as “dead zones” because hardly any marine creatures can survive there.

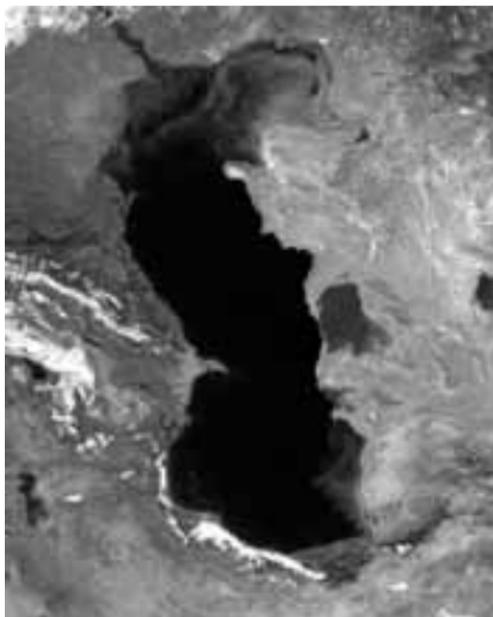


Dead fish
floating in a
eutrophicated lake
(source: Wikipedia)

There is nothing to be said against using reasonable amounts of fertiliser which plants would be well able to absorb. Problematic, however, is intensive agribusiness where farmers have their eye on profits and no longer pay any attention to collateral damage, their sole intention being to harvest the largest possible yields in the shortest possible time. Everywhere, the soil is being exhausted as a result and then subsequently contaminated by over-fertilisation, as are our ground water, lakes and rivers.

The production of fertilisers is in itself an enormous waste of resources: two tons of crude oil are required for the production, transport and spreading on the fields of one ton of fertiliser. This is a vicious circle! The more the soil becomes depleted, the more fertiliser has to be added, in order for anything at all to grow. The greatest producers and users of fertilisers are China, India and the USA.

We do not need this kind of agribusiness to produce enough food for the world's population. It benefits no-one in the end and harms everyone on the planet. The alternative would be a method of farming which respects the limits of nature and only allows as much fertiliser as Nature herself can break down or compensate. It is not good enough to simply talk about sustainability – we must practise it as well. Above all in agriculture!



Signs of eutrophication in the northern part of the Caspian Sea to the east of the Volga Estuary: algal bloom caused by over-fertilisation (satellite picture 2003, source: Wikipedia)

11.3 Genetically-Engineered Seeds – A Threat to Our Water?

There are convincing arguments against the use of *genetically-engineered seeds* and water conservation is one of them, because these crops represent an unpredictable danger to our water supplies. In connection with the most widely cultivated “patented” crops, developed by the multinational seed companies – the so-called Roundup Ready Plants – the world’s most frequently sold herbicide, Roundup Ultra, is being used to control weeds. Produced by the U.S. chemical giant Monsanto, Roundup Ultra consists of glyphosate, polyoxyethylamine (POEA) as well as Cosmo Flux 4115, a sticky soap-like substance. This herbicide destroys all cultivated plants and crops – with the exception of those which have been genetically modified and are therefore resistant. The aim is to eradicate all “unwanted plants” so that farmers will be forced to sow Roundup Ready seed.

For some years now in Colombia, to give just one example, planes have been spraying the land with Roundup Ultra as part of the “Colombia Plan”, supposedly to wipe out the coca plant, which has been cultivated there for thousands of years. The knock-on effect of this is that the environment and water resources are being contaminated, both human and animal life is being endangered and other valuable crops are being destroyed in the process. One further side effect is an increase in the number of cancer cases and deformities reportedly linked to the use of Roundup. In this respect, parallels can be drawn between the weedkiller and the environmental toxin dioxin, which became notorious during the Vietnam War (in connection with Agent Orange) and after the Seveso disaster in 1976. In January 2007, Monsanto announced in a press report: “*Innovative agriculture is catching on.*”

Any number of names could be added to the list of ecologically-harmful and toxic substances. What they all have in common is that they are contaminating our drinking water in a way that is totally unacceptable.

In short: we can assume that the majority of herbicides are not only having the desired effect – i.e. to destroy weeds – but they

are also poisoning our drinking water and, in my opinion, causing cancer and a reduction in human and animal fertility. That is why the use of these products must be reduced as soon as possible and preferably avoided altogether. It is only logical that chemical giants such as Monsanto, Syngenta, Dow Chemical or Bayer will all protest the safeness of their products. Dangerous weedkillers include, among others: Bromacil (toxic to animals and humans), MCPA (alias “Weed and Feed”; methylphenoxyacetic acid), Antrazine (kills weeds in crops; carcinogenic), Hedonal (methylpropylcarbinol; weedkiller and anaesthetic), Turdon, EFFIGO, Clopyralid (persists in compost and soil; was banned in Seattle in 1999; Agent White), Diuron, Agent Orange from the Vietnam war, Roundup Ready (with the active substance glyphosate), Picloram (alias Turdon; Agent White), and Paraquat (kills absolutely everything; no known antidote if accidentally swallowed). In German, the expression used for the English word “insecticide” is highly interesting because these substances are referred to as “plant protection”, but the term “destruction” would be more accurate. The generic term “pesticide” comes from the Latin, derived from “pestis”, which means “plague” and “cadere”, which means “to kill”.

A friend of mine who fought against this kind of water contamination for almost 20 years did not succeed in having the perpetrators convicted. Instead, he was himself convicted on charges of slander after launching a verbal attack on the president of the German Institute for Agriculture and Forestry, who had spoken out in favour of the use of Diuron – the highly toxic weedkiller which has been banned since 1996. The issue of how to deal with the weeds on and around the railway lines in an ecologically acceptable way has still to be resolved.

11.4 Railway Lines

For decades now, railway lines in Germany have been sprayed with various highly toxic herbicides to prevent plants growing on the ballast. Products such as Hedonal, Bromacil, Turdon, Diuron and others are

used for this purpose. The German Railways “line-spraying trains” cause an enormous amount of direct and on-going contamination of our drinking water supplies. The overall length of the rail network in Germany amounts to more than 74,000 kilometres and approximately 5 kilogrammes per kilometre are sprayed each time. The loose gravel allows the toxins to seep into the soil and therefore enter the hydrological cycle.

One of German Railways’
special trains spraying the track
bed with herbicides
(photo: Jan Steffen Gabriel)



MTBE This abbreviation stands for methyl tertiary-butyl ether, a fuel additive used nowadays to increase the anti-knock quality of fuel, replacing the tetraethyl lead, which in the past transformed unleaded petrol into leaded. On account of its water solubility, this substance contaminates the ground water to a very considerable degree and it is practically impossible to eliminate it using conventional methods. Although MTBE was banned in California in 2003 for this very reason, decision-makers here in Europe have not yet started to take the matter seriously. It is alarming to think that over 20 million tons of MTBE are manufactured every year, making it one of the world’s most widely produced chemical compounds. The past has shown us that disastrous consequences often follow in the wake of the meteoric rise to fame of any given chemical substance before sufficient research has been conducted into its environmental impact. Here in Germany, the time has come to carry out extensive research into the effects of MTBE and to draw the necessary conclusions from the results.

11.5 A Century of Industry – A Century of Water Pollution

“Industry and Environmental Hazards” is a topic which could probably fill a whole number of books. At this point, however, I would like to take up just one aspect of the subject which is of particular relevance to our ground water. Since industrialisation began, the soil throughout the entire world has been contaminated by every kind of substance the manufacturers had to offer: chemicals, cleansing agents, colourants, heavy metals, oil, petrol, biological warfare and many other things. In Stuttgart alone, there are around 2,000 contaminated sites and in Germany as a whole, the number totals about 50,000. In other countries, the picture looks more or less the same. Our lack of awareness about these matters stems partly from the fact that the general public has no idea exactly what is happening or being produced in the factories and partly because it takes an extremely long time for the contaminants in the soil to find their way into the ground water and even longer still before these substances actually have a detrimental effect on our health. So-called “inherited waste” sites always involve the contamination of the ground water and the water-bearing strata or aquifers. The most significant pollutants are: chlorinated hydrocarbons (CHCs), heavy metals, oils and fats as well as polychlorinated aromatic hydrocarbons (PAHs). To be fair, it has to be said that people in the past were not aware of these issues. Whoever would have thought, back in the 1970s, that petrol filling stations would become a problem because they had no provisions for drainage in the ground? Today, although we know much more about the dangers involved, far too little is still being done for several reasons: there is no money available for remediation measures, we lack the imagination to try to tackle the problem on a widespread scale, and politicians are reluctant to cross swords with the companies which continue to manufacture these substances.

On a positive note: one of the most interesting and beneficially productive ways of providing work for people in this modern day and age would be to undertake to clean up this legacy of pollution. Thousands of new jobs could be created, the decontaminated areas could be utilised once more and the ground water would be conserved.

Meanwhile there are many innovative methods – thermal, chemical, electrokinetic, biological and others – which can be put into practice on the spot, depending on the circumstances of the individual case. Surely it would be a more suitable and sensible use of public money to spend it on environmental protection and ground water conservation rather than squandering it on shameless banks which gambled away their entire capital.

11.6 Radioactive Waste – The Asse II Salt Mine

Radioactive substances pose a particular threat to our water. Nuclear waste from atomic power stations is allegedly being “provisionally stored” in disused mines. The name Gorleben became famous on account of the protests against the castor transports. Less well-known is another environmental crime currently being committed in Germany: the storage of radioactive waste in the Asse II salt mine near Wolfenbüttel. Originally classified as a temporary storage site and research project, it is meanwhile being improperly and illegally used as a permanent disposal site. In the disused salt mine there are 102 tons of uranium, 87 tons of thorium and almost 12 kilogrammes of plutonium, stored in more than 125,000 barrels. From 1967 to 1978, low-level and medium-level radioactive waste was disposed of here, with negligent assurances that the site would be secure for a practically unlimited period. However, since 1988, brine has been pouring into the mine and the rate at present stands at 12,000 litres a day. The shaft is in danger of being inundated. Now there are plans to close the mine, before flooding it with a magnesium chloride solution and keeping it under further “observation”. These radioactive substances, which cause cancer and deformities, are almost certain to get into the drinking water supply. Attempts to salvage the barrels would be extremely dangerous, we are told, and could take years to achieve – at a cost of over €2 billion. ⁶⁹

The Green Party fraction in the state parliament of Lower Saxony has instituted legal proceedings at the public prosecutor’s office in

Brunswick against the Minister for the Environment, Hans-Heinrich Sander, on account of his illegal handling of radioactive substances. By doing so, they hope to enforce the closure of the mine under the Atomic Energy Act and also secure publicity of proceedings. This is only what the electorate would have expected of the Green Party fraction in the Bundestag, while it was still in power!



Barrels full of radioactive waste being unloaded in the Asse II salt mine (photo: Helmholtz-Zentrum Munich, Germany)

A similar charge has been brought by Irmela Wrede, who is trying to force through proceedings at the Administrative Court, under the same act as above.

At the end of 2008, the German Federal Office for Radiation Protection (BfS) assumed responsibility for the disused salt mine Asse II. The environmental organisation Greenpeace meanwhile has in its possession a letter from the BfS, revealing that the present German chancellor, Angela Merkel, was informed as early as 1996 about the “considerable difficulties” involved in the storage of nuclear waste in salt mines. At the time, she was Minister for the Environment, Nature Conservation and Reactor Safety.

Any form of nuclear contamination of the environment is acutely relevant to our present-day situation because it is practically impossible to eliminate radiation either by the use of heat or cold, pressure or

filtration. On top of this, the half-life of these substances – i.e. the period of time during which the amount of a particular radioactive nuclide is halved – is enormous: thorium²³², for example, has a half-life of 14 billion years, uranium²³⁸ of 4.47 billion years and plutonium²³⁹ of 24,110 years.

The issue of permanent disposal sites has not been solved and still appears insoluble after more than half a century of nuclear technology. Our present understanding of physics does not yet enable us to completely seal off highly toxic substances over longer periods of time, preventing their release into the biosphere. In its report for the year 2000, the panel of experts responsible for environmental issues, a body which advises the German Minister for the Environment, questioned whether it would ever be possible to establish secure permanent disposal sites for nuclear waste. The only imaginable consequence of all this would be to halt the military as well as the “peaceful” use of atomic energy as soon as possible. It should also be specified just who is to be called to account under criminal law for any damage to the environment as a result of such activities. It would seem to reveal contempt for mankind when, on the one hand, courts deal most severely with those who commit offences against property – apparently a form of overcompensation – while, on the other hand, the most serious crimes against our environment and the very life of the planet are not even officially recognised as crimes and therefore go unprosecuted.

German politicians from Baden-Württemberg, Saxony-Anhalt and North Rhine-Westphalia are struggling with similar problems at present, albeit on a smaller scale. According to tests carried out by the German Federal Institute of Risk Evaluation (BfR), more than 30 samples of mineral water from these states were found to contain over 15µg of uranium per litre, thus exceeding the contamination limit. There were more than 70µg per litre in the samples which revealed the highest test values. Those responsible for bottling were advised for the moment to draw their water from other sources and mothers were warned against using the brands of bottled water containing large amounts of radioactive substances to blend baby food.⁷⁰

11.7 Nuclear Weapons – Radioactive Contamination in “Times of Peace”

Many forms of environmental, air and water contamination do not confine themselves to one area only, a fact which the radioactive fallout from the Chernobyl accident brought home to us all. The following examples further illustrate this point. One of these is the aftermath of the *release of radioactive substances* into the environment via nuclear weapons, atomic power stations, permanent disposal sites, *depleted uranium missiles* – like the ones used by the USA – and nuclear submarines which have been sunk and are now decaying at the bottom of the ocean. The Russian fleet alone once had over 200 nuclear submarines, more than a hundred of which have already been removed from the inventory. Many of these are lying on the seabed. The submarine K 219, situated off the coast of Bermuda, has 32 atomic warheads and two torpedoes on board, as well as its own reactors. Other submarine wrecks are to found in Murmansk harbour with high-level radioactive material still on board.

This poses an enormous threat to our drinking water, too, because the casing of the reactors and nuclear weapons lying on the ocean bed will inevitably rust through in the course of time and the radioactive material inside will be set free. Radioactivity is gradually getting into the fresh water cycle via evaporation and rainfall entering the biosphere. At the end of the day, sea water and drinking water are connected in a single hydrological cycle.

Let us remain on the topic of Russia: since 1957, the island of Novaya Semlya had been used as a nuclear test site and the world’s largest hydrogen bomb was detonated there. In all, 132 nuclear tests were carried out in and around the island, 86 of these in the atmosphere, 43 underground and three underwater.

Numerous nuclear submarines were sunk in the vicinity after being taken out of service. The authorities decided to set up a permanent disposal site for nuclear waste there, since the level of radioactive contamination was anyway high. In the Barents Sea, a large number

of used fuel elements were sunk along with hundreds of tons of radioactive waste.

At present, there are more than 440 *nuclear power stations* worldwide. Radioactive waste poses an almost insoluble problem for the human race, and the list of technical hitches and environmental crimes resulting in the release of radioactive substances – but which were very often successfully hushed up – is never-ending. Up to the present day, the public has taken little notice of the fact that liquid radioactive waste from the Russian chemical combine Mayak, which produced most of the plutonium necessary for the manufacture of nuclear weapons, was regularly discharged into the River Tetscha. Among the many accidents which took place in the grounds of the combine was the Kyshtym disaster of 1957, one of the most serious nuclear accidents in history after Chernobyl.

11.8 Depleted Uranium Munitions – Contamination via Radiotoxic Respirable Dust

Depleted uranium missiles, also known simply as depleted uranium or DU, have been part of military stockpiles since the end of the 1970s, in particular those of the U.S. army, and have been used in many wars. Several hundred tons of these weapons have already been fired – during Indian-Pakistani border clashes, during the wars in Bosnia and Kosovo, in the Second Gulf War, in Chechnia, Iraq and now at present in Afghanistan. As far as we know, the following armies are in possession of such weapons: the USA, Russia, Great Britain, China, Sweden, the Netherlands, Greece, France, Croatia, Bosnia, Turkey, Egypt, the United Arab Emirates, Kuwait, Israel, Saudi Arabia, Iraq, Pakistan, Thailand, South Korea and Japan.

The main reason for the use of uranium munitions is their penetrating power. Uranium has a density of 19kg per litre and is nineteen times heavier than water, giving these missiles their “tank-busting” potential. Since depleted uranium is a by-product of

uranium enrichment, manufacturing these weapons is at the same time a form of radioactive waste disposal. The munitions consist mainly of uranium and a steel casing. Uranium is a radiotoxic heavy metal and thus doubly poisonous. As an alpha or slow emitter, it is relatively safe as long as it remains in “lump” form.

The problem, however, is that these missiles create extremely high temperatures and produce aerosols when they impact a tank. The resultant nanoparticles can enter the lungs and the bloodstream. They are water-soluble and pose an enormous radiotoxic threat. Numerous reports and studies verify that the use of depleted uranium munitions was responsible for increased cases of cancer in war veterans and the civilian population of the affected regions, as well as causing deformities in infants.

Under international law, these weapons are prohibited because of the indiscriminating damage they cause. They endanger the biosphere by releasing nanoparticles into the air, which then spread. Being water-soluble, these radiotoxic particles contaminate water beyond all national boundaries.



Babies born severely deformed, but still alive, in Afghanistan
(source: “Afghanistan after Democracy”
by Mohammed Daud Miraki, MA, MA, PhD)

*“If you do not use your eyes for seeing
with, you will need them
to cry with.”*

Jean Paul Sartre (1905-1980), French author and philosopher

11.9 Bunker-Buster “Mini-Nukes” – Particulate Matter Is Released on Impact

At the same time, another kind of weapon is being developed further, the so-called bunker-busting munitions or “mini-nukes”. Here too, the high density of the uranium is intended to create a weapon, or rather a cruise missile, which is able to penetrate the concrete walls of bunkers, with similar consequences for the environment to the ones described earlier in connection with depleted uranium, where vast amounts of radioactive respirable dust are released. Scientists are working round-the-clock to improve these weapons. “Mini-nukes” are part of the concept of a first nuclear strike, which – among other things – is valid NATO doctrine. One of the latest inventions in this line is the Taurus cruise missile, a weapon of attack, stationed at Büchel military airbase in Germany. It can be discharged from German Tornados, before cruising alone for over 500km and finally being guided by satellite

to its destination. Every single one of the 600 Taurus cruise missiles which were manufactured for Germany contains about a quarter of a ton of uranium.



A Taurus KEPD 350 cruise missile under the wing of a Eurofighter Typhoon jet plane, but not mounted to it (photo: Wikimedia Commons)

The production of this new generation of Taurus missiles is a joint enterprise of the MBDA Company (Germany) and Saab Bofors Dynamics (Sweden). Also lying in store in Büchel are 20 “normal” B-61 nuclear warheads, relics from the Cold War, which are likewise to be dropped by German pilots in an emergency. Let it be mentioned in passing that such a move would violate international law, the German constitution and the Non-Proliferation Treaty.

www.uranmunition.net (English/German)

www.bye-bye-nuclear-bombs.gaaa.org/buechel-2009-en.pdf (English)

www.mbda-systems.com (English/German/French)

Water contamination is being caused by other *environmental disasters*, too. The growth of industrialisation and rising demands for mineral resources, especially in countries with low safety and environmental protection standards, are resulting in more and more accidents. Subsequent pollution is assuming increasingly alarming proportions. In January 2000, a catastrophe occurred in Romania, when a dam inside a mine burst, releasing cyanide sludge into several rivers – the Lapus, Somesul, Theiss and Danube. *Cyanide* is used for washing gold out of metalliferous rock.

Another industrial toxin is *perfluorooctanesulphonate* (Pfos), which is used in the manufacture of textiles, carpets, leather furniture, paint, paper, packaging material and cosmetics. Higher levels have been recorded in various rivers, causing edible fish to mutate into hazardous waste. Local mothers were advised to use bottled water instead for their children.

In April 2003, the SOTE *oil pipeline* in Ecuador – financed by the German WestLB – burst, contaminating the Cayambe-Coca nature reserve in Páramo as well as the drinking water supply of the city of Quito near Papallacta, the River Sucos, the thermal springs of Papallacta and Lake Papallacta. Calamities like these are continually repeating themselves and countless others, such as accidents involving oil tankers and chemicals, are adding to the number. In China alone, it is estimated that far more than 60 per cent of all rivers are so badly polluted that their water is unfit for human consumption. The industrial nations, with their enormous appetite for resources, are largely to blame for the majority of environmental disasters because they are involved worldwide in the realisation of dangerous and environmentally-threatening projects, which they finance and insure via the World Bank and other credit-granting institutions. To prevent this kind of environmental contamination, effective laws must be passed at international level and equipped with suitable mechanisms to allow and enforce their application.

Worldwide, there are 40,000 *huge dams*. In addition to their disastrous social consequences – the resettlement of millions of people and, in some cases, the depopulation of entire regions – these dams are having an extremely detrimental effect on water supplies. As a result of the largely extended surface areas of reservoirs, millions of cubic metres of fresh water are being lost through evaporation and the lower reaches of rivers are carrying less and less water. An additional problem lies in the fact that the rivers are no longer able to purify themselves and the toxic substances they contain are deposited behind the dam walls. Sooner or later it will become crucial to reduce the size of these dams.

Vast projects such as the Ilisu Dam in Turkey are only made possible through German export subsidies like the ones granted by the KfW bank, government export credit guarantees or contracts of suretyship with other nations. This is why protests against these large dam-building schemes must be mobilised even further at international level. In India, work is being carried out on the Narmada Dam system, which is one of the world's largest water-related construction projects. The centrepiece is the Sardor-Sarovar Dam, against which the inhabitants of more than 245 villages, due to be inundated, are putting up fierce resistance.



The Three Gorges Dam in China (photo: Wikimedia Commons)

In numerous cases, the struggle for drinking water goes hand in hand with an attack on democracy and human rights. When the Chinese maize farmer Fu Xiancai criticised the Three Gorges Dam on the Yangtze River in the German media in summer 2006, he found himself in hospital soon afterwards, beaten and crippled. This situation calls for heightened awareness, also with regard to the western industrial nations which allow economic interests to take precedence over human rights issues in countries such as China.

As for China's rivers, the current situation is alarming. As a result of rapid economic growth, some rivers are now so badly polluted that any form of close contact with the water should be avoided at all costs.

There is often a direct correlation between large-scale dam schemes and *armed conflicts*, even if this fact goes almost unmentioned in the media. The issue of water distribution could provide even more reasons for fighting in years to come. If, for example, the GAP project in Turkey "cuts off" the water from the Euphrates and Tigris Rivers from neighbouring countries Syria and Iraq, then violence will be unavoidable.

The Israeli-Palestinian conflict is largely one about water from the Rivers Jordan and Litani, as well as the springs in the Golan Heights and other water resources.

Equally damaging to the environment is the so-called process of *river-linking*, whereby natural rivers are linked up or diverted via artificial canals. At present, citizens in Brazil are fighting against the diversion of the São Francisco River; a bishop went on hunger strike, stating that he was prepared to sacrifice his life for the life of the river. In India, much thought is being given to a large-scale project which would link almost all the major rivers of the subcontinent, including the Ganges and the Brahmaputra. In order to realise this, 100 huge dams would have to be built. It will be almost impossible to halt this insane project if the international community does not join in the protests.

Our water supply is also being threatened by the *melting of glaciers* as the result of a steady increase in global warming. A vicious circle has begun. When carbon dioxide and other gases which affect the climate

are released, a greenhouse effect is caused and average temperatures subsequently rise. Glaciers and the polar icecaps are starting to melt and the fresh water they house will flow unused into rivers and end up in the sea. Environmental damage brought about by the climate change has already assumed alarming proportions. Floods, heat waves, catastrophic droughts and storms have wreaked millions of dollars of destruction in recent years. Since ecological systems react slowly as a rule, carbon dioxide emissions worldwide should be drastically reduced at once.

The sale of *bottled water* has also become an international problem: the amount of plastic waste caused by countless millions of water bottles alone represents an extreme form of environmental pollution. To make things worse, the bottled water industry is one of the most lucrative branches of business and advertising is successfully increasing the willingness of consumers to purchase the product. The problematic nature of the bottled water industry becomes apparent, too, when companies endeavour to drain a source to the last drop, without any consideration whatsoever for the environment, the fresh water regeneration cycle, the effects on the local population or the fact that whole regions are turning into deserts.

Urban water management organises the supply and distribution of drinking water – and industrial water not meant for human consumption – to domestic households and small businesses, as well as sewage disposal and rainwater drainage. This is one further area of water consumption and here, too, resources could be conserved if water was used sparingly and pollution was avoided.

In Germany, the average water consumption per capita stands at around 130 litres a day and in the USA, it is even more than 200 litres. On the African continent, many people have less than 2 litres of water for their daily use. Public and private water supply operators vary greatly with regard to their attitude towards the amount of water consumed. Whereas local authorities can encourage citizens to use less water, private companies are obviously interested in higher consumption in order to increase their own profits. Not only issues of water consumption or privatisation should be dealt with at local government level, attention must be paid to environmental aspects as well.

“Water, you are without taste, colour or smell.

You are indescribable.

We taste you without knowing you.

We do not just need you to live:

*you are life itself! You are the Earth’s most
precious possession.*

*You do not accept every mixture, nor tolerate
every change. You are a delicate divinity.”*

Antoine de Saint-Exupéry (1900-1944), French author and pilot

12.1 Problems and the Search for Possible Solutions

Growing in significance is the contamination caused by substances such as medical drugs, e.g. beta-blockers, active painkilling substances and antidepressants; hormones such as artificial oestrogen from birth control pills; substances used in the plastics industry, which are similar in effect to hormones; X-ray contrast media and other chemicals. Common to all these substances is the fact that they can hardly be retained, as a rule, by the usual methods of filtration. Hormones can have an additional effect on fish populations and other aquatic animals, which even develop female traits. Some scientists believe that they also reduce the fertility of human sperm via the drinking water cycle. In the developing world, drinking water contamination caused by bacteria and viruses – and the resultant diseases – is giving rise to great concern.

- Medicinal drugs should be disposed of safely and not allowed to enter the sewerage system.
- Filtration systems in sewage treatment plants should be adapted accordingly and further improved by the use of microfiltration and activated carbon filters. In this respect, too, privatisation has serious consequences: whereas a publicly-operated sewage works, run on the principle of cost-effectiveness, is able to practise very expensive methods of sewage purification, the private operator will always try to keep these costs as low as possible. To compensate for the poor quality of water purification, larger amounts of chlorine are often added to the drinking water.
- Purification plants using reeds are still utilised in rural areas to this day and offer another sensible method of filtration (overgrown ground filters). Such simple and natural sewage treatment plants can effectively reduce the number of disease-causing agents and eliminate viruses or pathogenic germs such

as E.coli bacteria or faecal streptococci. Apparently, they are even able to filter out medicinal drugs – and hormones, in particular. How effective natural and simple methods can be, is demonstrated by the example of the sand filter, which holds back viruses and bacteria, even with grains as small as 0.1 mm in size. People should check whether or not the laws in a particular country permit the use of biological sewage plants. We can assume that EU bureaucracy and big companies, working hand in hand with affiliated politicians, will endeavour to liberalise and privatise the sewerage sector, which up to now has been regarded as a matter for local authorities alone.

- The Swiss Institute of Water Research at the College of Technology in Zurich is working on a new method of purifying drinking water: the process known as “Solar Drinking Water Disinfection” (SODIS) involves heating the water naturally, using solar energy to kill off cholera-causing agents, viruses and faecal bacteria. The Swiss have their eye on developing countries, above all, where every 15 seconds, a child dies as a result of poor water hygiene.
- Mention should be made here of one of a series of very promising ideas, intended to counteract rising water consumption: the concept of a dry toilet which is “flushed” using sawdust. The Swedish engineer Uno Winblad opposes the use of water-flushed toilets because of the wastage of water involved. Every human being produces around 50 litres of faeces and 500 litres of urine a year and these are flushed into the sewerage system, using up to 30,000 litres of valuable drinking water. Since it would be neither possible nor advisable to equip the whole world with water closets, Winblad argues in favour of drying faeces, whereby phosphate, potassium and ammonia can be extracted for use in agriculture. Hans Huber, head of Huber Technology, an innovative German company based in Berching in the Upper Palatinate, is working along similar

lines. His high-tech “separation toilet” is constructed in such a way that “yellow water” (urine) and “brown water” (dirty water without faecal solid matter and urine) can be extracted and later used as fertilisers. This method of recovering nutrients is perfectly safe.

- Generally speaking, we should be looking at the possibility of installing double-pipe supply points so that drinking water can be separated from water not intended for human consumption. The latter can be used for numerous purposes, where drinking water quality is not requisite: flushing toilets, watering gardens, cleaning cars, industrial coolants and nuclear reactors, ornamental ponds, water used as technical ballast, and much more. Rainwater could be used not only to water gardens but also as industrial water. A whole new branch of business could evolve, creating thousands of jobs, as has been the case in the solar and wind energy sectors.
- If rainwater is collected in cisterns, the risk of flooding, which has increased considerably over the past few decades, can be reduced. The relentless spread of paved-over areas is a problem, too. It is not only largely responsible for flooding disasters because the rainwater can no longer flow freely back into the ground – it also prevents the replenishing of ground water sources. It is vital for the natural hydrological cycle that sufficient amounts of water are absorbed back into the soil.
- In order to regenerate ground water and maintain its quality, water conservation zones have to be designated in the catchment areas of water utilities. Many towns have come to recognise the significance of ground water conservation and have started to restore open areas to their natural state or to lease agricultural land only to organic farmers in order to prevent artificial fertilisers (and pesticides) entering the soil. By its very nature, prophylactic ground water conservation is in-

compatible with privatisation because water companies will endeavour to sell off reservation areas to make short-term profits.

- With regard to water conservation, we should immediately renounce the use of atomic power stations because of the radioactive waste they produce and the risk of possible accidents. The same applies to the military employment of nuclear weapons (atomic bombs, depleted uranium munitions etc.) on account of the radioactive radiation which they release.
- In any case, it would be appropriate and only sensible to legally set the lowest possible limiting values for radiation in national legislation. Sewage treatment plants should be continuously monitored and these values checked. Furthermore, it is advisable that communities draw their water from several different sources, to allow them to change from one to another should higher levels of uranium or other dangerous pollutants be measured at any given site.

12.2 Contradicting the Most Common Arguments of Those in Favour of Privatisation

Discussions about water supplies and the provision of other essential public services are mainly held at local community level. In the following, the typical arguments used in the daily struggle against water privatisation will be analysed and critically examined:

The council has no choice but to sell its water supply or allow private investors to get involved in order to stabilise its budget.

The factors leading to the indebtedness of local authority districts must be analysed and rectified. The sale of public property is not the solution to the financial problems but rather one of their causes because it is accompanied by a loss of revenue (franchise fees, grid or mains network charges etc.). One-off payments from a privatisation deal may help to offset budget deficits in the short term, but cannot prevent them in the long term. A company, i.e. a commercial operator, will reduce maintenance and replacement investments and raise water prices. In addition to paying for the billions of euros of corporate profits, the taxpayer also has to foot the bill for the late effects, e.g. when, after years of operation, a company leaves the council with a run-down network, as was the case in London. (RWE Thames Water was the operator)

The council has to sell its water supply or aim at setting up a public-private partnership model because, in a modern Europe, the supply has to become more efficient and more competitive.

This is another argument which is constantly brought up but which lacks any basis. A council would only then be compelled to compete with other rivals to operate essential supplies, if the EU or WTO forced through liberalisation in this sector. Without this pressure to liberalise, however, there is absolutely no need for a council to sell its water supply.

The council is reliant on the expertise of the energy companies.

Germany is the very country which has highly-qualified specialist staff working within a finely-structured water supply and distribution system to produce water of the highest quality. In fact, the exact opposite

is true: it is the energy companies who are dependent on the know-how of municipal utilities in their attempts to conquer international markets. The loss of expertise following a sell-off, which leaves local authorities at the mercy of the private operators, is a matter of far greater concern.

The private sector is cheaper and more efficient.

Up to the present moment in time, no cases have become known, either in Germany or any other country, where privatisation has resulted in higher quality and lower prices. In the long run, privatisation costs local authorities far more than it would have done to run the water supply themselves. Also, if a town or city council needs money, it can take advantage of loans at a favourable rate of interest on account of its creditworthiness and is not compelled, like private companies are, to make profits. Councils are able to work according to the cost-recovery principle.

There is a tailback of investments and private enterprise is out there just waiting to invest.

It is not the task of local authorities to worry about when and where large companies will find opportunities to invest. A municipality's essential services are exclusively there for the benefit of its citizens and must serve no other purpose.

A company will act in an environmentally-aware manner because environmental protection is in its own best interests.

This is what we are being told by the glossy brochures. In reality, however, the sole aim of a private company is to make and increase its profits. In Berlin, plots of land were sold off – despite the fact that they were situated in a water conservation area and were being reserved for the prophylactic conservation of ground water. What happened in London demonstrates how the operator only took an interest in water wastage and water contamination caused by severe leakage when

the resultant financial damage – e.g. imposed fines – was greater than the cost of repairs. However, even the substantial fines which RWE Thames Water was ordered to pay in several cases for committing environmental crimes were not sufficient to make the giant utility company change its attitude.

Private operators must become involved if the local government-run water industry is to be successful at international level as well.

There is absolutely no reason whatsoever why municipal water utilities should get involved on the international water market and earn money abroad. Their one and only task should be to guarantee a high quality of essential services to citizens in the local communities which they serve.

12.3 Some Other Objections to Water Privatisation at Communal Level

When resources are scarce, people must try to save water. A local authority water company is not interested in getting customers to consume more. A commercial operator, on the other hand, is interested in exactly the opposite because higher consumption means higher profits. From an ecological point of view, it makes sense to extract water from several sources, so that consumption can be brought more in line with the rate of renewal of the hydrological cycle. As soon as economic interests predominate, the number of extraction sites will be reduced to as few as possible in order to save costs. Privatisation is always synonymous with centralisation.

- Big private companies will at best keep to within the required health and safety limits, but will not strive to improve water quality over and beyond these standards.
- The principle of solidarity can no longer be put into practice when essential public services are privatised. A commercial operating company will not allow social criteria to influence the amount it charges or undertake to vary the price of water accordingly – for instance, for poor families or those on low income.
- Privatisation goes hand in hand with the loss of democratic control over vital resources. Up to now, the nondisclosure of contracts, expert reports and the results of investigations has been an integral part of all privatisation deals. This lack of transparency undermines democracy and questions the very existence of the state because information and knowledge of the issues relating to the provision of essential public services form the basis for responsible citizen participation. On top of this, the secrecy surrounding privatisation projects worth billions of euros provides an ideal breeding-ground for corruption.
- A private operator will tend to circumvent the provision of an emergency water supply because this would result in higher costs. By an emergency water supply we mean water resources such as rivers, lakes, springs or wells which are not in use at a given time but which still require constant looking after, so that in an emergency, for example, if one of the main sources becomes contaminated, the operator will be able to fall back on an alternative supply.
- The interests of consumers and corporations run counter to one another, above all when the latter is actively involved in the bottled water industry, where extortionate profit increases are possible. A strategic interest in reducing the quality of tap

water in order to increase the sale of bottled water might well become apparent, resulting in higher prices for the consumer as well as very serious environmental pollution, caused by millions of plastic bottles.

- Whenever public services are privatised, horrendous system costs are incurred: price increases, value-added tax, land transfer tax when land is acquired, higher interest rates on borrowed money, guaranteed profits, risk surcharge, profit taxes, trade tax as well as soft costs for consultants and similar services. Add to all this the indirect system costs such as pay cuts and the subsequent loss of spending power, redundancies and the rising number of unemployed people who have to be supported by the welfare systems.
- Through the act of privatising public services, the state and the business sector enter into insider deals with one another and democracy is increasingly undermined.
- The privatisation of public services encourages and in fact leads to certain forms of lobbying and corruption as well as violations of contract award regulations, the promotion of areas not regulated by the law, the bypassing of parliaments and councils, the betrayal of interests and striving for personal gain.

WHAT ACTION CAN WE TAKE – 13 AS LOCAL AUTHORITIES, INITIATIVES AND INDIVIDUALS?

13.1 Spreading Information

The first thing we can do in the fight against the commercialisation of drinking water supplies is to gather and then spread information relating to problematic water issues at all levels. Project days or weeks could be organised in schools, and citizens' action groups could hold informative events and arrange panel discussions with the active participation of experts from other towns and states. Authentic encounters with activists, or people who have been directly affected by privatisation measures, can often be very effective because accounts of personal experiences tend to reach an audience more directly than any amount of arguments. Other possible plans of action include seeking dialogue with district councillors from all fractions, informing the press, distributing enlightening material or organising a local citizens' referendum.

13.2 Withdrawal from Existing Contracts and the Remunicipalisation of Services

In cases where public property has already been sold, people should examine possible ways of bringing about a reversal of the deal. This procedure could prove difficult, though, since contractual agreements cannot be declared invalid unilaterally. Even if the sale of public assets contradicts the law of the land, this does not automatically render the transaction null and void. That remunicipalisation is nevertheless possible is illustrated by various successful cases. Encouraging examples can be found in different places to demonstrate the kind of positive changes that can be made.

In the *Netherlands*, a water act was passed, under which the nation's water supply may only be operated by public authorities. The Dutch water supply is one of the most efficient and sustainable in the world – and this without any involvement by the private sector.

In *Latin American* countries especially, where the water companies started their raids very early on, lessons have been learnt from people's experiences with privatisation – but lessons, however, which decision-makers in other countries are stubbornly refusing to take on board. Clashes with international institutions, governments and companies led to a mobilisation of the population in Latin America and to a growing awareness of democratic structures, compared to which the political decision-making process in some European countries must appear somewhat backward.

One of the issues at the heart of these clashes is the question about the ownership of water. In October 2004, 64.4 per cent of the population of Uruguay voted in favour of an addition to the constitution, whereby the country's water supply may only be run by local authorities, sustainably and with the participation of local citizens.

Meanwhile, it has got about that water privatisation was not intended to benefit citizens but only the large companies. Even in France, the motherland of privatisation, many communities have since remunicipalised their water supplies or else are in the process of doing so, as is the case in Paris. No doubt to the great annoyance of the powerful!

The NGOs Corporate Europe Observatory (CEO) and Transnational Institute (TI) offer communities assistance in the process of remunicipalisation. They have built up an English language Internet website and report on successful cases of remunicipalisation as well as on those cases still underway. In order to keep this website up to date, it would be helpful if all activists working towards remunicipalisation could keep the CEO informed of their progress.

www.corporateeurope.org (English)

www.remunicipalisation.org (English)

email: remunicipalisation@waterjustice.org

“Do Not Scold the River If You Fall into the Water.”

Indian proverb

13.3 **Cross Border Leasing (CBL)**

Cross Border Leasing deals are sham transactions drawn up for the purpose of tax evasion and with a contractual term of either 30 or 99 years. They represent a huge, almost incalculable risk for municipalities. The IRS, the U.S. agency responsible for collecting taxes and enforcing tax laws, ordered that all CBL deals had to be terminated by the end of 2008 because they were “shady” transactions, without any genuine economic substance and concluded with the sole purpose of evading taxes. Various courts in the USA upheld this view in their own judgements. This means that it has now become more likely that the U.S. investors will endeavour to claim for compensation for lost profits on the grounds that contracts have evidently been violated. CBL deals are one of the modern financial products responsible for the current financial crisis, i.e. bogus transactions without economic substance or value creation. It is imperative that all CBL contracts be rescinded as soon as possible so that further damage can be avoided. (see chapter on Cross Border Leasing)

13.4 **Legal Options**

If politicians are unwilling to act, resorting to litigation to enforce a demand can prove difficult. Nevertheless, all existing possibilities should be exhausted because, in many cases, the mere fact that the public is debating controversial issues increases general awareness.

As far as the *pollution and contamination* of water is concerned – e.g. by radioactive substances – it should be possible to prosecute those responsible under criminal law in any and every country, because our whole planet is affected. International law and human rights should be called upon, too. Even if taking legal action does not prove successful, it is worthwhile making this effort because such steps can lead to public pressure being brought to bear and changes being made. The person who informs the authorities runs no financial risk because these crimes are so-called public offences and have to be pursued and investigated by the public prosecutor's office.

Transparency Useful in this respect are the Umweltinformationsgesetz (UIG) (German Environmental Information Act) which has been valid since 1994, and the Informationsfreiheitsgesetz (IFG) (German Freedom of Information Act), which came into force on January 1, 2006. This act is intended in principle to grant free access to all information which exists within the realm of public administration (principle of public trial) and, first and foremost, to enable people to form their own personal opinions and create their own independent intentions. Politically active citizens should refer to it in all situations. Perhaps these few details will be able to offer readers assistance in asserting their general right of access to documents in individual cases. Although both the above-mentioned legal options apply specifically to Germany, they may serve as an inspiration to people from other countries to seek out the options available to them under their own national and even regional laws. Over 85 countries already have some form of Freedom of Information Act (FoIA) in place and others are in the process of introducing similar legislation, e.g. "Right to Information Act", "Freedom of Access to Information Act", "Access to Public Information Act", "Access to Public Administration Files Act", "Transparency and Access to Information Act" etc. (A list of all these nations can be found on the Internet.) Environmental Information Regulations (EIR) also exist in various parts of the world. "Environmental Information" not only includes information about air, water, soil, land, flora and fauna,

energy, noise, waste and emissions but also about decisions, policies and activities that affect the environment.

The Aarhus Convention, named after the Danish town of Aarhus, where it was signed in June 1998, is the first treaty under international law to grant every single person environmental protection rights. These rights consist of the access to information about environmental issues, the participation in administrative procedures relating to projects which affect the environment, as well as the possibility of taking legal action whenever environmental damage is caused.

See: www.aarhus-konvention.de

13.5 **The Participatory Budget – A Prime Example of Direct Democracy**

Probably the most advanced form of direct democracy to date stems from Brazil. Since the end of the 1980s, people have been practising an *Orçamento Participativo* (citizens' active participation in matters relating to local government spending) in Porto Alegre, the capital of the state of Rio Grande do Sul, with 1.3 million inhabitants. Once a year, citizens from the various parts of the city come together to discuss important issues and make decisions not only about necessary changes to the infrastructure but also about local authority expenditure. Porto Alegre's water supply has likewise been organised in a citizen-friendly way and has already gained international recognition. The successful results speak for themselves: corruption has been curbed considerably; the infrastructure has been extensively improved; the gap between rich and poor has been narrowed; compared to other cities, education standards have improved and public contentment is on the rise. Meanwhile, the model has been adopted by many South American cities, demonstrating how important it is that citizens have real decision-making power at local community level.

13.6 Foreign Aid Programmes – Who Are the Real Beneficiaries?

Development aid projects in the Third World should always be viewed with reservation: Are they certain to produce sustainable results or are they mere slaves to economic interests, depriving local people of their right to self-determination and robbing them of the basic requirements for their daily existence?

There is every indication that so-called “development aid” is nothing more than an instrument of economical enslavement and that the industrial nations are only out to achieve their own selfish goals. The environmental damage they cause in the process, the wars they wage and the manner in which they snatch up the world’s natural resources together paint an unambiguous picture. A few million dollars spent on foreign aid will do very little to correct this ruthless image. The same can be said of the Millennium Development Goals Campaign, which was heralded with great clamour.

What the governments of this world must come to realise is this: development aid begins first and foremost with a nation’s right to self-determination – something which applies in their own countries, too, by the way.

If we genuinely wish to assist people with their water supplies, we should support traditional or modern low-tech solutions which local people can implement for themselves. This way, no artificially created technical and financial dependence is being added to the natural dependence which already exists. And we should never condone or promote any form of development aid which leads to the privatisation or the sell-out of local infrastructure and resources.

One possible solution, which could have a “healing effect” on the environment as well as in social terms, is the concept of *localisation* or *subsistence farming* – as a reaction to the destruction caused by globalisation. In the water management sector, this would mean opting for decentralised water supplies which can be directly controlled by local consumers. Developing regional agriculture based on the *principle of subsistence*, which is guided by the actual needs of local

populations, strengthens the relationship people have with the soil and its produce, and fosters a natural interest in good quality and sustainable production.⁷¹

13.7 Which Legal Form Would Be Best-Suited to Water Supplies?

One question frequently asked by citizens' action groups is: Which legal form would be the ideal one to govern water supplies?

The term *privatisation* is misleading at first, because it is mostly used when a public monopoly is transferred to a private one. The term *anonymisation* would be more precise when referring to the delivery of essential public services by large private companies because, other than their own business interests, these companies have no connection at all to a town and its inhabitants. The decisive criterion, whenever the issue of the appropriate legal form is raised, is the actual ownership itself. If, in the case of a cooperative enterprise, limited company or joint stock company, the residents of a local community are also the owners, then this is an ideal state of affairs because people will be interested in the quality of the water supply and in keeping prices fair. This aspect should be given top priority and could be practically achieved by allocating share certificates to local residents. When ownership is transferred to non-residents, profit-making and speculation interests overshadow everything else.

Any legal form which places the control of a water supply in the hands of the local population provides a suitable basis with which to defend the *principles of subsidiarity and solidarity*. According to the subsidiarity principle, all issues must be decided at the level to which they belong. This means that a water supply must be managed directly by the local citizens according to the locality principle and not anonymously from the offices of some remote company. The solidarity principle guarantees a fair balance of interests because prices can be

set in such a way as to relieve people with low incomes. At the same time, heavy financial burdens can be placed on those who pollute the environment. To what extent a particular legal form will be able to provide protection against the onslaught of the WTO and EU remains to be seen because we have no way of predicting which steps and measures these institutions will think up next to push ahead with further liberalisation and privatisation.

A *municipal limited company* or *joint stock company* which cannot be controlled directly by local residents should be viewed critically because it renders the democratic rules of the game null and void. In many cases, such a company only serves to prepare the way for privatisation, redundancies and a sell-out. We should also view with at least a touch of scepticism the otherwise interesting *Herten Fund*,⁷² which offered the public shares in the city's department of works at a fixed rate of interest of 5 per cent. This is preferable to selling off the business to a large consortium, and yet it is basically a step in the wrong direction. Handing out dividends to the shareholders appeals to their individual profit-making interests and thus runs counter to the interests of public welfare.

Particular attention should be paid to the *special-purpose associations* and *subscription rights* within the water sector. These are coveted by the big energy companies which, in addition to buying up municipal infrastructure, are also striving to gain possession of the right of disposal of the actual water resources. When it acquired the whole of Stuttgart's energy supply, EnBW assimilated 33 per cent of shares in the BWV and the LWV. This is tantamount to the privatisation of these special-purpose associations through the back door.

13.8 Changing Suppliers and Boycotting Certain Products

One effective means of exerting pressure, which all citizens have at their disposal, is to alter their consumer behaviour. If as many consumers as possible undertook to change their supplier, this could

lead to the largest suppliers, e.g. Veolia, Suez, Nestlé, Danone, EnBW and Bechtel, being kept in check. This, of course, presupposes that such a change is possible in the first place. In the case of electricity suppliers, people can take the opportunity of changing directly to a company supplying electricity generated from renewable sources.⁷³ The same principle applies here: people should change to a smaller, independent or local authority supplier in order to break the dominance of the big companies in the field.

As far as water is concerned, different suppliers are not permitted to use the same mains network for reasons of hygiene. Changing from one electricity or gas supplier to another, however, can have an effect on the water supply too, because the balance of power can be shifted and a monopolisation or control of the market can be counteracted. This behaviour can be extended to boycotting the products of companies which are conspicuous by their ruthless or harmful business practices.

Boycotting the water-bottling multinationals can prove an effective means too, especially as there are alternative products available, which are usually cheaper. Here is a list of those global players, who are infamous for their destructive behaviour – especially in developing countries – as well as their most important brands:

Nestlé Acqua Panna, San Pellegrino, Perrier, Vittel, Contrex,
Aquarel, Pure Life, Fürst Bismarck, Harzer Grauhof;

Danone Volvic, Badoit, Evian;

Coca Cola Bonaqua, Dasani, Kinley, Ice Mountain;

Pepsi Aquafina.

Throughout the world, even in the developing countries, people are all too inclined to buy the products of the giant companies, which are usually presented in a more attractive way. In most cases, however, the “No-Name” products are every bit as good, often even better – and definitely cheaper!

13.9 Alternative Methods of Supplying and Distributing Water

People are now trying to work out how to “organise” water supplies once available resources have been used up or contaminated. There is no point in my evaluating individual concepts here because we have almost no experience in this field. An appraisal can only be made concerning a concrete situation or when an emergency arises.

- *Desalination plants* using membrane technology to transform salt water into fresh water have already acquired certain significance.
- On the other hand, the German company Aqua Society has developed a module for the production of drinking water, which involves cooling the air to dew point and *harvesting the condensation* in a collecting tank. The water is then filtered and mineralised.
- Another conceivable solution is the transport of vast quantities of drinking water. Consideration has been given to the possibility of *towing icebergs* from the Antarctic to arid regions, to secure the drinking water supply in those areas.
- In 2005, Dutch georesearchers from the Omega consortium discovered huge quantities of *ground water* at a depth of 50 to 100 metres *under the seabed* and plan to extract it with the help of drilling rigs. Work is currently being carried out on a pilot scheme aimed at using this procedure to supply the Indonesian megametropolis Jakarta.
- One comparatively simple method which is already being practised is the long-distance transport of *fresh water in plastic tubes* towed by ships.

These concepts, however, should all be viewed with great caution. We must not let them distract us from the fact that water may only be polluted at the rate at which it can be purified again or regenerate itself naturally. While it is imperative that we find technical solutions to the problems of accessing and distributing water, it is even more important that we all come to realise that drinking water is not a commodity in unlimited supply. We should not allow it to be commercially exploited by a handful of greedy protagonists.

13.10 **Who Has the Power of Control over Water Supplies?**

Complete and autonomous control of the supply and distribution of water – as well as the disposal of sewage – must remain in the hands of the people who depend on it for their daily lives. This also applies to decisions or contracts whose consequences will only take effect fully in the distant future. Coming generations must be guaranteed the unrestricted right of disposal of clean drinking water sources.

One thing can be said for certain about all water-related struggles up to the present day and all privatisation plans worldwide: when water was sold off, citizens' rights and any form of co-determination were sold off, too – sacrificed to the profit-making interests of big corporations. In order to safeguard the provision of essential public services for everyone on the planet, we will have to create a society where democracy and transparency are alive and well and people are allowed to determine their own living conditions at all levels. Only then will we all be able to look forward to a future without wars for water. Greenpeace activists once wrote on one of their banners:

*“If our world’s water were a bank, we would
have rescued it by now!”*

14.1 Critical NGOs and Networks

AATR Associação de Advogados de Trabalhadores Rurais no Estado da Bahia
(Association of Attorneys for Rural Workers in the State of Bahia)
www.aatr.org.br (Portuguese)

ABONG Associação Brasileira de Organizações Não Governamentais
(Brazilian Association of Non-Governmental Organisations)
www.abong.org.br (Portuguese)

ACME Association pour le Contrat Mondial de l'Eau
(Association for the Global Water Contract)
www.acme-eau.org (French)
www.contrattoacqua.it (Italian/English and other languages)

Africa Water Network (AWF)
www.africawaternetwork.org (English)

Alternative Water Forum 2009 Istanbul
www.alternatifsuforumu.org (English/Turkish)

ASEED Action for Solidarity, Equality, Environment and Diversity
European network acting and campaigning on environmental and social justice issues. Campaigns: distribution and consumption of food; small, local organic farms instead of agribusiness; biotechnology and genetically-modified food.
www.aseed.net (English/German/Dutch)

ASSE II Information about the radioactive contamination of ground water caused by atomic waste in a disused salt mine in Germany.
www.asse2.de (German)

ASSEMAE Associação Nacional dos Serviços Municipais de Saneamento
Progressive federation of public water utilities in Brazil.
www.assemae.org.br (Portuguese)

ATTAC Association pour la taxation des transactions financières pour l'aide aux citoyens (Association for the Taxation of Financial Transactions for the Aid of Citizens) ATTAC is an activist organisation for the establishment of

a tax on foreign exchange transactions and many other financial activities.
www.attac.org (English/German/French/Spanish)

BankWatch Network Central and Eastern European NGO network monitoring activities of international financial institutions.
www.bankwatch.org (English)

Barlow, Maude Maude Victoria Barlow is a Canadian author and activist. She is the national chairperson of the Council of Canadians, a progressive Canadian citizens' advocacy organisation; she is also co-founder of the Blue Planet Project.

www.canadians.org (English/French)
www.blueplanetproject.net (English)

Berne Declaration (BD) Swiss non-governmental organisation whose activities include: equitable, sustainable and democratic North-South relations; international trade, international financial relations, World Economic Forum in Davos, agriculture, private finance, clean clothes campaign, cultural exchange, health and water.
www.evb.ch (English/German/French/Italian/Spanish)

Blue Planet Project Global initiative to share and protect the global water commons, working with partners around the world to achieve the goal of water justice now; hosted by the Council of Canadians.
www.blueplanetproject.net (English)

Business Crime Control e.V.
Independent NGO fighting white collar crime and corruption.
www.wirtschaftsverbrechen.de (German)

CADI Centre for Alternative Development Initiatives
Philippine-based civil society organisation dedicated to the study, encouragement and implementation of sustainable development through threefold partnership.
www.cadi.ph (English)

CBG Network Formerly known as Bayerwatch, the CBG network has been monitoring the activities of the chemical giant Bayer for over 20 years.
www.cbgnetwork.org (German/English/Italian/French/Spanish)

CEE Bankwatch Central and Eastern European NGO; network for monitoring the activities of international financial institutions.
www.bankwatch.org (English)

Center for Corporate Policy Non-profit public-interest organisation working to curb corporate abuse and make corporations publicly accountable.

www.corporatepolicy.org (English)

CEO Corporate Europe Observatory

Research and campaign group targeting threats to democracy, equity, social justice and the environment posed by the economic and political power of corporations and their lobby groups; host of the remunicipalisation tracker, together with TNI.

www.corporateeurope.org (English)

Coalition against BAYER-Dangers (see: CBG)

Code Pink Women for Peace U.S. anti-war group, founded in 2002 and mainly composed of women; describes itself as a “*grassroots peace and social justice movement working to end the war in Iraq, stop new wars, and redirect [government] resources into healthcare, education and other life-affirming activities*”; on its website, Code Pink lists allegations of U.S. war crimes, and claims that thousands of civilians were killed in Fallujah in 2004 due to the actions of the U.S. military.

www.codepink4peace.org (English)

COMDA Coalición de Organizaciones Mexicanas por el Derecho al Agua
(Coalition of Mexican Organisations for the Right to Water)

www.comda.org (Spanish)

Corporate Accountability International (CAI) This organisation has been waging campaigns for more than 30 years to challenge corporate abuse, demanding direct corporate accountability to public interests; active around the globe.

www.stopcorporateabuse.org (English)

CorporateWatch UK-based group researching and exposing the crimes and hypocrisy of corporations that refuse to act in a responsible manner.

www.corporatewatch.org.uk (English)

CorpWatch Investigates and exposes corporate violations of human rights, environmental crimes, fraud and corruption around the world. Its aim is to foster global justice, independent media activism and the democratic control over corporations.

www.corpwatch.org (English)

Council of Canadians Progressive Canadian citizens’ advocacy organisation whose activities include: promoting progressive policies on fair trade, clean water, energy security, public health care, and other issues of social

and economic concern to Canadians; host of the Blue Planet Project.

www.canadians.org (English/French)

www.blueplanetproject.net (English)

CUT Central Única dos Trabalhadores (Workers' Union, Brazil)

www.cut.org.br (English/Portuguese)

Depleted Uranium “Our goal is to outlaw depleted uranium weapons in order to save the biosphere, and ultimately, to banish them from this planet.”

www.uranmunition.net (English/German)

The Ecologist Magazine providing extensive coverage of environmental issues.

www.theecologist.org (English)

Engdahl, William Author who has been writing about energy, politics and economics for more than 30 years. His fields are: geopolitics, the economy, agriculture, and energy issues; important articles about GMO, Monsanto, the Rockefeller Foundation and others.

www.engdahl.oilgeopolitics.net (English/German)

EPSU European Federation of Public Services Unions

www.epsu.org (English/German/French/Spanish/Swedish)

European Public Water Network (EPWN/ENPW)

Pan-European network of water activist groups and movements resisting the push for water privatisation in Europe.

www.europeanpublicwaternetnetwork.blogspot.com (English)

EVB Erklärung von Bern (see: Berne Declaration)

FeltonFlow Citizens' group which fought a six-year-long battle to win back control of their public water system from American Water/RWE; prevailed in court via eminent domain proceedings.

www.feltonflow.org (English)

Focus on the Global South Development aid policy organisation in Thailand which gathers and spreads information about neoliberal globalisation and supports the underprivileged and the poorest of the poor. (Director: Walden Bello)

www.focusweb.org (English/Thai/Arabic/Indonesian/Spanish)

Food & Water Watch Non-profit U.S. consumer organisation which works with grassroots organisations around the world to create an economically and environmentally viable future. Through research, education of the public as well as the policy-makers, the media and lobbying, it advocates policies that guarantee safe, wholesome food produced in a humane and

sustainable manner and public, rather than private, control of water resources including oceans, rivers and ground water.

www.foodandwaterwatch.org (English)

France Libertés Paris-based foundation campaigning against privatisation and for the human right to water; founded by Danielle Mitterrand.

www.france-libertes.fr (French)

FRAW Free Range Activism Website Virtual presence of the Free Range Network, which describes itself as: “a ‘disorganisation’, a group with no structure, no formal membership and no formal presence. Ultimately, free range is a concept of disassociated action, with grassroots activists working together on matters of common concern, sharing resources and expertise on the way towards a greater common goal.”

www.fraw.org.uk (English)

Freedom from Debt Coalition (FDC) Philippine activist coalition fighting for economic justice and opposing the privatisation of essential services; the FDC-Philippines is a nationwide, multisectoral coalition conducting advocacy work in local, national and international arenas.

www.fdc.ph (English)

Friends of the Earth International (FOEI) Federation of more than 5,000 autonomous environmental organisations from 68 countries, committed people who fight daily for a healthy and just world. Over the past 39 years, Friends of the Earth, its members and its activists have raised the alarm and drawn attention to new environmental problems; they stopped over 150 destructive dams and water projects worldwide and banned international whaling; they pressed and won a landmark battle for regulations of strip mines and oil tankers, and eliminated billions in taxpayer subsidies to corporate polluters.

www.foei.org (English/French/Spanish)

www.foeeurope.org (European site, English)

GATSwatch Joint project of Corporate Europe Observatory (CEO) and Transnational Institute (TNI). GATSwatch brings together the growing body of NGO and academic criticism of GATS as well as documents drawn up by governments and corporate groupings.

www.gatswatch.org (English)

Gegenströmung German NGO campaigning (inter alia) against the Ilisu Dam.

www.gegenstroemung.org (English/German)

Genetic Engineering Network UK-based network providing information on and campaigning against genetic engineering.

www.geneticsaction.org.uk (English)

Genewatch UK policy research group evaluating genetic technologies from the perspective of human and animal health, and environmental protection.

www.genewatch.org (English)

Global Resistance (see: India Resource Center)

www.GlobalResistance.org (English)

Globalise Resistance Network of activists coordinating conferences, forums and civil mobilisation, e.g. in Genoa, Brussels etc.

www.resist.org.uk (English)

Global Trade Watch (GTW) Organisation which promotes democracy by challenging corporate globalisation; hosted by Public Citizen.

www.tradewatch.org (English)

GM Watch Organisation which focuses on the use of hype, propaganda and spin to promote GM technology, and on exposing the role played by corporate-friendly scientists, industry front groups, PR companies, lobbyists and political groups. It includes the Biotech Brigade, a global directory on the massive and deceptive PR pressure behind genetically-modified (GM) food.

www.gmwatch.org (English)

Greenpeace NGO for the protection and conservation of the environment, using direct action, lobbying and research to achieve its goals. Greenpeace has a worldwide presence with national and regional offices in 46 countries. It carries out spectacular operations, focusing mainly on: nuclear dangers, the rain forest, fishing, environmental pollutants, patent law, globalisation, biodiversity, genetic engineering and water.

www.greenpeace.org (English and 18 other languages)

www.greenpeace.de (German/Germany)

www.greenpeace.ch (German/Switzerland)

www.greenpeace.at (German/Austria)

IATP Institute for Agriculture and Trade Policy

www.iatp.org (English)

India Resource Center (IRC) Project of Global Resistance Works to support movements against corporate globalisation in India. Its aim is to strengthen the movement by supporting and linking local grassroots struggles against globalisation throughout the world.

www.GlobalResistance.org (English)

www.IndiaResource.org (English)

Inside the Bottle Project initiated by Polaris Institute, designed to stimulate citizen awareness about the bottled-water industry. This site has begun to map the water-bottling locations of the industry's Big Four corporate players.

www.insidethebottle.org (English)

International Forum on Globalisation (IFG) North-South research and educational institution composed of leading activists, economists, scholars, and researchers. It provides analyses and critiques on the cultural, social, political and environmental impacts of economic globalisation; IFG-Report 2002: "*Alternatives to Economic Globalisation*".

www.ifg.org (English)

International Rivers Network (IRN) International U.S.-based non-profit network, protecting rivers and opposing destructive dams.

www.internationalrivers.org (English)

IRS Internal Revenue Service U.S. federal government agency that collects taxes and enforces internal revenue laws; it is an agency within the U.S. Treasury Department, responsible for the interpretation and application of federal tax law. The IRS ruled that all CBL/LiLo/SiLo deals would have to be rescinded by the end of 2008.

www.irs.gov (English)

Klein, Naomi Canadian journalist, author and activist known for her political analyses and criticism of corporate globalisation. Her books include: *No Logo* and *Shock Doctrine*.

www.naomiklein.org (English)

La Red Vida Founded in San Salvador/El Salvador in 2003 by 54 organisations from 16 North and South American countries, its aim is to defend water as an essential publicly-controlled commodity.

www.laredvida.org (Spanish)

LobbyWatch Organisation which helps track down deceptive PR involving lobbyists, PR firms, front groups, political networks and industry-friendly scientists.

www.lobbywatch.org (English)

MAB Brazilian Movement of Dam-Affected People

www.mabnacional.org.br (English/Portuguese)

Monterey Flow Supported by Monterey Friends of Locally Owned Water (FLOW), a coalition of Monterey Peninsula professional and business leaders, and Citizens for Public Water, a grassroots organisation of Monterey

Peninsula residents who have come together to ensure that water remains affordable.

www.montereyflow.com (English)

MRC The Multinationals Resource Center U.S.-based project of the Multinational Monitor magazine, designed to help activists, journalists, academics and others who need information on the activities of corporations operating in their communities.

www.resourcesfirst.org (English)

MST Movimento dos Trabalhadores Sem Terra

(Landless Workers' Movement, Brazil)

www.mst.org.br (English/Portuguese/French/Italian/Spanish/German)

NARMADA/Friends of the River Narmada NGO, focusing primarily on supporting the struggle of the Narmada Bachao Andolan (Save the Narmada Movement). This struggle against the construction of huge dams on the River Narmada in India is symbolic of the global struggle for social and environmental justice. Friends of the River Narmada is an international coalition of individuals and organisations, mainly of Indian descent.

www.narmada.org (English)

No Patents on Seeds

www.no-patents-on-seeds.org (English/German/French/Spanish)

OCA Organic Consumer Association Non-profit public-interest grassroots organisation campaigning for health, justice, and sustainability.

www.organicconsumers.org (English)

Oil Watch Resistance network opposing the activities of oil companies.

www.oilwatch.org (English)

OWINFS Our World Is Not For Sale

Worldwide network of organisations, activists and social movements committed to challenging trade and investment agreements that advance the interests of the world's most powerful corporations at the expense of people and the environment.

www.ourworldisnotforsale.org (English/Spanish/French/Italian)

People-Centered Development Forum (PCDF) U.S. initiative for a humane future; *Yes Magazine* (Director: David Korten).

www.pcdf.org (English)

Peoples Global Action (PGA) Global network of movements opposing the WTO and 'free trade'.

www.agp.org (English/German/Spanish/French/Italian/Portuguese/Russian)

Peoples Health Movement

www.phmovement.org (English/Spanish)

Peoples Water Forum (PWF) This site was created by and for the global water justice movement to coordinate our work in defence of water as a human right, a public good and a central component of the global commons. Our members include farmers, indigenous peoples, activists, trade unions, members of different faiths, non-governmental organisations, allied social movements and other networks struggling for water access throughout the world.

www.peopleswaterforum.org (English and other languages)

Pesticide Action Network Works towards eliminating the dangers caused by toxic pesticides. Its website provides useful information on the pesticide activities of Syngenta, Bayer and Monsanto.

www.pan-uk.org (English)

Polaris Institute Canadian NGO aimed at enabling citizen movements to re-skill and re-tool themselves to fight for democratic social change in an age of corporate-driven globalisation; host of the “*Inside the Bottle*” project; important activities on the water scene; director: Tony Clarke. The website includes a number of briefings on GM crops.

www.polarisinstitute.org (English)

PSIRU Public Services International Research Unit

PSIRU researches the privatisation and restructuring of public services around the world, with special emphasis on water, energy and waste management.

www.psiru.org (English)

Public Citizen Important non-profit U.S. consumer advocacy organisation, representing consumer interests in Congress, the executive branch and the courts; information and news relating to the right to water; activities against neoliberal globalisation; director: Lori Wallach.

www.citizen.org (English)

www.citizen.org/cmep/Water/ (English)

www.tradewatch.org (English)

Public Eye Counter-event to the annual World Economic Forum (WEF) in Davos; coordinated by the Swiss organisations Berne Declaration (BD) and Greenpeace Switzerland; platform for substantial criticism of purely profit-oriented globalisation; host of the “*Public Eye Awards*”.

www.publiceye.ch (English/French/German)

Public Service International (PSI)

www.world-psi.org (English/French/Spanish/German and other languages)

Rainforest Rescue

www.rainforest-rescue.org (English/German/Spanish/Portuguese)

Red Vida (see: **La Red Vida**)

REDES (Friends of the Earth Uruguay)

www.redes.org.uy (Spanish)

Remunicipalisation Tracker Communities in different parts of the world are moving from failed privatised water management to successful publicly-managed water and wastewater services. These examples are presented on this website. The tracker is intended as “work-in-progress” to which everyone can contribute, initiated by Corporate Europe Observatory.

www.remunicipalisation.org (English)

RFSTE Research Foundation for Science, Technology and Ecology

www.navdanya.org (English)

Right to Water New Zealand-based community group working to end the “user pays” system and the privatisation of household water supplies; fighting the neoliberal programme that separates people from the commons.

www.righttowater.org.nz (English)

Rio São Francisco Important movement, fighting against the transposition of the Rio São Francisco, Brazil.

www.saofranciscovivo.com.br (English/Portuguese)

San Lorenzo Valley Water District (SLVWD) “*Our mission is to provide customers and all future generations with reliable, safe and high-quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.*”

www.slvwd.com (English)

Save our Seeds Movement dedicated to keeping conventional and organically-grown seeds free of genetically-modified organisms. In a joint petition, 300 organisations representing over 25 million members and 200,000 individual citizens in Europe demand a strict EU law to protect the purity of seeds. Seeds are the kernels of life, the foundation of our food supply and humanity’s oldest heritage.

www.saveourseeds.org (in 25 languages)

Shiva, Vandana Physicist, environmental activist and author, currently based in New Dehli. She is the author of over 300 papers, including *Stolen Harvest*, *The Hijacking of the Global Food Supply* (South End Press) and *Water Wars* (Pluto Press). She is also the director of the Research Foundation for Science, Technology and Ecology (RFSTE).

www.navdanya.org (English)

State Watch Monitors state and civil liberties in the European Union, providing useful information on access to documents of EU institutions.

www.statewatch.org (English)

Stopcorporateabuse (see: Corporate Accountability International)

www.stopcorporateabuse.org (English)

Stopilisu "Stop Ilisu – Save Hasankeyf" Very important movement working in Europe and Turkey to stop the Ilisu Dam Project and help create a real and sustainable future for the affected region. The Ilisu Project in South-Eastern Turkey is one of the world's most controversial dam projects at present.

www.stopilisu.com (English/German/French)

SuPolitik Supolitik leti im A I (Water Policy Network) Based in Istanbul/Turkey, it campaigns against dam projects and corporate control of water resources.

www.supolitik.org/englishpages.htm (English/Turkish)

SweetWaterAlliance U.S. grassroots citizens' movement dedicated to the defence and liberation of essential resources and services from corporate control, holding the view that commodities must be protected for the benefit of all. Background: In 2002, Atlanta City Council terminated the largest U.S. water contract held by water giant Suez, three years after it was concluded.

www.waterissweet.org (English)

Third World Network Malaysian network of groups and individuals in the South, campaigning for the fair distribution of the world's resources and for just and sustainable development models; supplies important information about the WTO, MAI, GATS and TRIPS agreements; director: Martin Khor.

www.twinside.org.sg (English)

Trade Observatory (Formerly WTO Watch) U.S.-based project of the Institute for Agriculture and Trade Policy (IATP). It has documented the World Trade Organisation, the North American Free Trade Agreement, the

Free Trade Area of the Americas and other international trade agreements and institutions, as well as water issues.

www.tradeobservatory.org (English)

Transnationale Provides reference articles on more than 40 essential topics, from GMO and baby milk to offshore banking, the WTO, privatisation of education, retirement pensions, human cloning and working conditions in the Third World; 13,000 companies have been profiled and rated.

www.transnationale.org (English/Spanish/French/Italian)

Transnational Institute (TNI) International network of activist-scholars committed to providing critical analyses of global problems as well as giving intellectual support to those movements endeavouring to steer the world in a democratic, equitable and sustainable direction; host of the remunicipalisation tracker, together with CEO.

www.tni.org (English/Spanish)

Uranmunition/Depleted Uranium Munitions Network, aimed at saving the biosphere by having depleted uranium weapons outlawed and ultimately banished from this planet.

www.uranmunition.net (English/German)

Via Campesina International movement, founded in 1992, which coordinates peasant organisations of small and medium-sized producers, agricultural workers, rural women and indigenous communities from Asia, Africa, America and Europe. It is a coalition of over 148 organisations, advocating family farm-based, sustainable agriculture and was the first group to coin the phrase “food sovereignty”.

www.viacampesina.org (English/French/Spanish)

www.waronwant.org (English) for information on projects and campaigns

Water for All Campaign Originally founded at Public Citizen in Washington DC. and hosted by Food & Water Watch.

www.citizen.org/cmep/Water (English)

www.foodandwaterwatch.org/water (English)

Water Justice Resource centre focusing on alternatives to privatisation. It was born out of inspiring seminars at the fourth World Social Forum (Mumbai, 2004) on alternatives to water privatisation groups from around the world, committed to intensifying their cooperation on these key issues. One of the decisions taken was to develop the web page waterjustice.org into a virtual resource centre and meeting place for exchanging experiences, participating in debates and developing strategies.

www.waterjustice.org (English)

Water Privatization (Wikipedia)

www.en.wikipedia.org/wiki/Water_privatization (English)

WaterWatch Australia

www.waterwatch.org.au (English)

Water Watch Oregon/USA

www.waterwatch.org (English)

WIDE Women in Development Europe European feminist network of women's organisations, development NGOs, gender specialists and women's rights activists; it monitors and influences international economic and development policy and practice from a feminist perspective.

www.wide-network.org (English)

World Development Movement (WDM) Founded in 1970 to tackle the underlying causes of poverty: "*We lobby decision-makers to change the policies that keep people poor; we research and promote positive alternatives; we work alongside people in the developing world who are standing up to injustice.*" (Head-office: UK)

www.wdm.org.uk (English)

World Social Forum Largest gathering of the anti-globalisation movement; first took place in Porto Alegre/Brazil in 2000, as a counter-event to the World Economic Forum in Davos. Social forums are now held at regional, national and continental level, too.

www.worldsocialforum.org (English/Portuguese/French/Spanish)

www.portoalegre2003.org (German/English/French/Italian/Spanish/Portuguese)

www.juventudefsm.org (WSF Youth Camp: English/French/Spanish/Portuguese)

www.weltsozialforum.org (German only)

www.fse-esf.org (European Social Forum: English and other languages)

www.dsf-gsf.de (Initiative of the German Social Forum: German)

World Water Wars

U.S.-based NGO protecting the essence of life on earth from abuse and exploitation.

www.worldwaterwars.com (English)

14.2 Critical and Alternative News Coverage

Alternative News Portal for a variety of non-mainstream news.

www.asia-stat.com (English)

AlterNet U.S. news magazine, online community and book publisher that focuses on progressive issues, including the environment and water.

www.alternet.org (English)

Clearer Channel/BeyondTV Open publishing site for online video, audio and text news, positive projects, underground events and other interesting initiatives.

www.clearerchannel.org (English)

Center for Media and Democracy Founded in 1993 as an independent, non-profit, non-partisan, public-interest organisation, its mission is to promote transparency and an informed debate by exposing corporate spin and government propaganda and by engaging the public in collaborative, fair and accurate reporting.

www.prwatch.org (English)

ChinaDialogue

www.chinadialogue.net (English)

Cost of War

www.costofwar.com (English)

Counterpunch

www.counterpunch.org (English)

Current Concerns (Zeit-Fragen) Important international journal for independent thought, ethical standards, moral responsibility and for the promotion and respect of public international law, human rights and humanitarian law. Independent Swiss-based initiative; contact:

redaktion@zeit-fragen.ch

www.currentconcerns.ch (English)

www.zeit-fragen.ch (German)

www.horizons-et-debats.ch (French)

Democracy Now Daily TV/radio news programme, aired on over 750 stations and pioneering the largest community media collaboration in the USA.

www.democracynow.org (English)

The Ecologist UK-based monthly magazine that challenges the environmental, social, political and economic model upon which our world is structured. It was founded in 1970 by Edward Goldsmith.

www.theecologist.org (English)

Fairness and Accuracy in Reporting

www.fair.org (English)

German Foreign Policy Independent website providing serious analyses and the true facts relating to German foreign policy, the economy, wars and resources.

www.german-foreign-policy.com (English/German/French/Polish)

Indymedia International association of critical activists and media initiatives with over 70 offices. It focuses mainly on globalisation and the individual offices deliver their reports first and foremost in the national language.

www.indymedia.org (English/Spanish/French/Italian/Dutch/Portuguese/German)

Information Clearing House This website does not suggest that it contains the “truth”, since the truth is a combination of all information and all facts relating to a topic. It is therefore impossible for anyone to say, “I know the truth.” This site is the work of one person, I am a private individual, I am not affiliated with any particular political party, I am not funded by any group, and I pay for all services associated with this site from my personal funds and readers’ donations.

www.informationclearinghouse.info (English)

Intersol Magazine promoting international solidarity.

www.intersol.at (German/English/Spanish)

Institute for Policy Studies (IPS) Alternative newsmagazine.

www.ips-dc.org (English)

Link TV (Television without Borders)

www.linktv.org (English)

Peninsula Peace and Justice Center

www.peaceandjustice.org (English)

The People's Voice

www.thepeoplesvoice.org (English)

PR Watch

www.prwatch.org (English)

rawstory

www.rawstory.com (English)

Real News “As the economic crisis deepens, climate change approaches critical levels and global tensions increase, the need to break the monopoly on television daily news has never been greater. We must know why the crisis is happening and what we can do to defend ourselves. Corporate TV news won’t ask the real questions, let alone provide answers.”

www.therealnews.com (English)

SourceWatch Collaborative project of the Centre for Media and Democracy to produce a directory of the people, organisations and issues shaping the public agenda. A primary purpose of SourceWatch is documenting the PR and propaganda activities of public relations firms and public relations professionals engaged in managing and manipulating public perception, opinion and policy. SourceWatch also includes profiles on think tanks, industry-funded organisations and industry-friendly experts that work to influence public opinion and public policy on behalf of corporations, governments and special interests. SourceWatch has a policy of strict referencing, and is overseen by a paid editor. SourceWatch has 45,820 articles.

www.sourcewatch.org (English)

Sozialimpulse German institute which examines the social aspects of current affairs, suggesting alternatives to neoliberal globalisation and analysing GATS, WTO, TRIPS etc. Network for issues relating to the threefold social order, founded by Dr. Christoph Strawe.

www.sozialimpulse.de (German/English)

Spinwatch Independent non-profit-making organisation which monitors the role of public relations and spin in contemporary society.

www.spinwatch.org (English)

Take Back the Media

www.takebackthedia.com (English)

Third World Traveler Archive of articles and book excerpts that, in contrast to the corporate mainstream media, seek to tell the truth about the state of American democracy, media, and foreign policy, and about the impact of the actions of the U.S. government, multinational corporations, global trade and financial institutions, as well as the corporate media, on democracy, social and economic justice, human rights, and war and peace, in the Third World and in the USA.

www.thirdworldtraveler.com (English)

Undercurrents Alternative news and video reports on environmental, animal rights, peace and social justice issues.

www.undercurrents.org (English)

Wikipedia Internet-based, open-source encyclopaedia with search machine.

www.en.wikipedia.org (English)

Worldpress One of the web's most comprehensive directories of world newspapers and magazines, arranged according to country, region and political affiliation.

www.worldpress.org (English)

14.3 Alternative Concepts and Possible Solutions

Better World Links Very extensive compilation of weblinks on alternatives and possible solutions.

www.betterworldlinks.org (English)

Eco-Village Network Information resources for sustainable communities.

www.evnuk.org.uk (English)

Eurosolar Founded in 1988 as the non-profit European Association for Renewable Energies, it carries out its work independent of political parties, institutions, commercial enterprises and interest groups, promotes the total replacement of nuclear energy and fossil fuels with renewable energy sources and sees its objective as a realistic vision – one of the goals of the century for the whole of mankind.

www.eurosolar.de (English/German)

Grameen Bank (GB) This bank has reversed conventional banking practice by removing the need for collateral and creating a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral.

www.grameen-info.org (English/Spanish)

IRENA International Renewable Energy Agency Officially established in Bonn in January 2009. To date, 136 states have signed the statute of the agency; among them are 45 African, 36 European, 32 Asian, 14 American and nine Australian/Oceanian States. Authorised by these governments worldwide, IRENA aspires to become the main driving force in promoting

a rapid transition towards the widespread and sustainable use of renewable energy on a global scale. The French candidate, Ms. H el ene Pelosse, was appointed to become the Interim Director.

www.irena.org (English)

Lets Link Systems whereby people exchange offers of work without using money or else paying with complementary currencies.

www.letslinkuk.org (English)

National Association of Farmers Markets

Directory of farmers' markets all over the UK.

www.farmersmarkets.net (English)

Navdanya Biodiversity conservation programme that helps rejuvenate indigenous knowledge and culture, create awareness of the hazards of genetic engineering and defend against biopiracy. *Navdanya* means "new seeds", and the programme is regarded as the pioneer of the movement to protect traditional crop plant seed. Navdanya collects and safeguards regional varieties and cultivates them on an experimental farm in the North Indian region of Dehradun at the foot of the Himalayas. The programme was founded by Vandana Shiva and is hosted by RFSTE. It has established 46 seed libraries in India.

www.navdanya.org (English)

NREA New and Renewable Energy Authority, Egypt

www.nrea.gov.eg (English/Arabic)

Participatory Budget Forward-looking model of direct democracy and decision-making by the citizens of Porto Alegre/Brazil.

www.participatorybudgeting.org (English)

Permaculture Association Permaculture is about creating sustainable human habitats by following nature's patterns. An ecological design system that inspires and empowers us to create our own solutions to local and global problems, it provides ways to design and create healthy productive places to work, rest and play.

www.permaculture.org.uk (English)

Rainwater Harvesting for Drylands and Beyond U.S. NGO, providing books, website, presentations, videos and more on how to conceptualise, design and implement sustainable water-harvesting systems for the home, countryside and the community.

www.harvestingrainwater.com (English)

Solar water Disinfection (SODIS) Method of disinfecting water using only sunlight and plastic PET bottles. SODIS is a cheap and effective method for

decentralised water treatment, usually implemented at household level.
www.sodis.ch (English)

Soil Association Organic farming and horticulture; healthy soil, healthy people, healthy planet.
www.soilassociation.org (English)

SolarPeace Deals with renewable energies: *“The old fossil and nuclear energies (oil, gas and uranium) are limited, much too risky and – due to all their side effects and follow-up costs – far too expensive.”*
www.solarpeace.ch (English/German)

Sonnenseite Internet magazine founded by Franz Alt, covering environmental issues, solar energy and other alternative energy forms.
www.sonnenseite.com (German/English)

World Future Council (WFC) International, non-governmental organisation, whose goal is to work for a sustainable future in the fields of environment, water, peace, governance, human development and human rights issues.
www.worldfuturecouncil.org (English/Spanish/German)

14.4 Democracy, Plebiscite and Referenda

Democracy Center Founded in San Francisco in 1992; works globally to advance social justice and democracy through a combination of investigation and reporting, training citizens in the art of public advocacy, and organising international citizen campaigns. One special emphasis of our work is economic globalisation and the movement for global democracy and justice.
www.democracyctr.org (English/Spanish)

Democracy International Network promoting direct democracy. *“Our basic goal is the establishment of direct democracy (initiative and referendum) as a complement to representative democracy within the European Union and in the nation states. In addition to this, we work on issues relating to democracy worldwide.”*
www.democracy-international.org (English)

EU Democrats Important website on democracy, the EU Constitution and referenda. www.eudemocrats.org (in 15 languages)

EU Referendum Campaign

www.erc2.org (English/German/French)

European No Campaign (ENC) Independent, cross-party network of parties and NGOs which will bring together ‘no’ campaigners and supporters of EU reform within a Europe-wide network. The ENC was set up to coordinate anti-Constitution activity. Its single objective is simple: to maximise the ‘no’ vote in every EU referendum on the proposed constitution and prevent it coming into force. “*After the last referendum has been held, we will close down the network.*” What happens afterwards lies in the hands of Europe’s people and politicians.

www.europeannocampaign.com (English and 12 other languages)

Mehr Demokratie NGO and network for the introduction and improvement of referenda at all levels.

www.mehr-demokratie.de (German)

Omnibus für direkte Demokratie Initiative proposed by Joseph Beuys in 1971 aimed at promoting direct democracy and establishing a system whereby referenda are held.

www.omnibus.org (German)

Participatory Budget Forward-looking model of direct democracy and public decision-making, developed by the citizens of Porto Alegre/Brazil.

www.participatorybudgeting.org (English)

Prof. Karl Albrecht Schachtschneider Jurist who has filed various complaints about infringement of the constitution, e.g. on 23./25.05.2008, when he challenged the law covering the German government’s consent to the Lisbon Treaty of 13.12.2007.

www.kaschachtschneider.de (German)

14.5 Useful Websites in German

Arbeitskreis Wasser Part of the BBU (German Association of Citizen Initiatives for Environmental Protection); provides excellent information and sends out the *Water Newsletter*.
www.akwasser.de (German)

ASSE II Information about the radioactive contamination of ground water caused by nuclear waste stored in a disused German salt mine.
www.asse2.de (German)

Atomwaffenfrei NGO opposing atomic weapons.
www.atomwaffenfrei.de (German)

ATTAC Germany
www.attac.de (German)

BBU (see: Arbeitskreis Wasser)

Berliner Wassertisch Amalgamation of various NGOs in Berlin, aimed at recomunalising the city's water supply system. RWE and Veolia together hold 49% of shares.
www.berliner-wassertisch.net (German)

BUND Bund für Umwelt und Naturschutz Deutschland (German Association for Environmental Protection) Large NGO, founded in 1975.
www.bund.net (German)

Business Crime Control e.V. Independent NGO which fights white collar crime and corruption, carries out research, organises campaigns and publishes information.
www.wirtschaftsverbrechen.de (German)

ECA WATCH International NGO campaign, targeting Export Credit Agencies; internationally-active forum, protesting worldwide against the promotion of irresponsible export projects.
www.eca-watch.at (German)

Gewaltfreie Aktion Atomwaffen Abschaffen NGO opposing nuclear weapons.
www.gaaa.org (German)

Junge Welt German daily newspaper, committed to reporting seriously on topics related to globalisation and privatisation.
www.jungewelt.de (German)

Kein Patent NGO opposing patents on living organisms and life processes.
www.keinpatent.de (German)

Kritische Aktionäre (Critical Shareholders Association) Umbrella organisation of over 30 German shareholder activist groups demanding environmental protection, social justice and respect for human rights from corporations. They put forward their criticism at the annual general meetings of large companies.
www.kritischeaktionaere.de (German)

LobbyControl German NGO, providing information on lobbying, PR and think tanks.
www.lobbycontrol.de (German)

Gendreck Weg Network of activists campaigning against the sowing of GM seeds in our fields (field liberation).
www.gendreck-weg.de (English/German/French)

Informationsstelle für Bürgerentscheide Offers legal and practical advice on how to plan and carry out public petitions and referenda.
www.buergerbegehren.de (German)

Nadir Information forum with an extensive database covering projects, organisations and NGOs; search engine, general categories, archive.
www.nadir.org (German)

Netzwerk gegen Konzernherrschaft NGO opposing deregulation, neoliberal policies and privatisation as well as the MAI, WTO und GATS treaties; founded by Maria Mies.
www.netzwerk-neoliberalismus.net (German)

Neues Deutschland Alternative German daily newspaper offering serious coverage of globalisation and privatisation issues.
www.neues-deutschland.de (German)

Politonline Website with many significant articles on politics and current affairs.
www.politonline.ch (German)

Rügener, Werner Journalist, lecturer and activist who deals with issues relating to corruption, CBL transactions, the privatisation of public assets, public-private partnership (PPP) projects and banking transactions.
www.werner-ruegener.de (German)

Seniora Website with many important articles on political and current affairs issues.
www.seniora.org (German)

Stuttgarter Wasserforum is a citizens' initiative, campaigning for the re-communalisation of the city's water supply and the rescinding of CBL contracts, as well as against the privatisation of essential public services and liberal EU guidelines.

contact: barbarakern1@alice-dsl.net
www.unser-aller-wasser.de (German)

TAZ Alternative German newspaper.
www.taz.de (German)

Umweltbrief Internet archive providing extensive coverage of political and environmental topics.

www.umweltbrief.de (German)

UnserWasserHamburg (UWH) Alliance of water activists in Hamburg, campaigning against the privatisation of the city's water supply.

www.unser-wasser-hamburg.de (German)

Uranmunition/Depleted Uranium Munitions Network, aimed at saving the biosphere by having depleted uranium weapons outlawed and ultimately banished from this planet.

www.uranmunition.net (English/German)

WasserInBürgerhand (WIB) Nationwide alliance of German towns which organises meetings and campaigns aimed at preventing further privatisation and re-communalising those water utilities which have already been privatised.

www.wasser-in-buergerhand.de (German/English/French/Spanish)

Wasserkarawane Network of water activists from all around Lake Constance which organises events and campaigns, often in the form of artistic intervention.

www.wasserkarawane.de (German)

Werkstatt Frieden und Solidarität Austrian network, carrying out important work in the field of current affairs, globalisation, privatisation, EU guidelines, the Lisbon Treaty, militarisation and democracy issues.

www.werkstatt.or.at (German)

Zeitfragen Weekly newspaper, in print and online; provides important information from independent sources on globalisation issues, democracy, human rights and international law.

www.zeit-fragen.ch (German)

www.currentconcerns.ch (English)

15.1 Some of the Titans Actively Engaged on the Water Battlefield

American Water (USA/Germany)

American Water is a public utility company operating in the USA and Canada. It was founded in 1886 as the American Water Works & Guarantee Company. In 1947, it was reorganised as the American Water Works Company, Inc. The company was once a subsidiary of the German-based RWE Group, but was divested by the latter on April 23, 2008 in an IPO on the stock market. Several municipalities in the USA battled to regain local government control of their water supply networks, including the citizens of Felton/California who fought for locally-owned water (FLOW). With headquarters in Voorhees, New Jersey, American Water has about 6,900 employees and provides services to approximately 16.2 million people in 32 U.S. states and Ontario, Canada.

www.amwater.com (English)

www.feltonflow.org (critical website)

Aguas de Barcelona S.A./Agbar (Spain)

Grupo Agbar (Sociedad General de Aguas de Barcelona, S.A.) is a Spanish company providing services in the supply, distribution and treatment of water. The company was founded in Liège in 1867 as the Compagnie des Eaux de Barcelone by investors from France and Catalonia (Spain). The group is present in almost every continent – North America, South America, Asia and Europe. Company headquarters are in Barcelona.

www.agbar.es (Spanish)

Bechtel (USA)

The San Francisco-based Bechtel Group is the largest engineering corporation in the USA, ranking as the seventh-largest privately-owned company in that country. As of 2009, Bechtel had 44,000 employees working on projects in nearly 50 countries, with an annual

revenue amounting to US\$31.4 billion. In the 1930s, the company was involved in the construction of the Hoover Dam. It has also participated in several other high-profile construction engineering projects, such as the Kingdom Centre and Tower in Saudi Arabia and the rebuilding of civil infrastructure in Iraq, funded by the U.S. Agency for International Development (USAID) and others. Criticism: In September 1999, Bechtel signed a contract with Hugo Banzer, the elected president and former dictator of Bolivia, to privatise the water supply in the country's third-largest city, Cochabamba. The contract was officially awarded to a company named Aguas del Tunari, a consortium in which Bechtel held a 27.5 per-cent interest. Shortly afterwards, claims surfaced that water rates in that city had gone up an average of about 50 per cent. Many people had to withdraw their children from school or stop going to see the doctor because of the higher costs for water. Both of these events resulted in the Cochabamba protests of 2000. Martial law was declared, and the Bolivian police killed several people and injured over 170 protesters. Amidst nationwide economic collapse and growing national unrest over the state of the economy, the Bolivian government withdrew the water contract. The continuing legal battle attracted the attention of anti-globalisation and anti-capitalist groups. This topic is explored in the 2003 documentary film *The Corporation* and on Bechtel's website. In January 2006, Bechtel and the other international partners settled the lawsuit against the Bolivian government for a reported two bolivianos, or \$0.30 (30 cents), following intense protests after the secretive International Centre for the Settlement of Investment Disputes (ICSID) ruled in favour of Bechtel. (see: chapter on Bolivia)

www.bechtel.com (English)

www.en.wikipedia.org/wiki/Bechtel (English)

Berlinwasser International AG/ The Berlinwasser Group (Germany)

With more than 10 years of experience in “successful” business development in international water and wastewater markets, Berlinwasser International AG is now one of Germany's rapidly-expanding, international water and wastewater operations and management providers. Its activities in 12 countries are managed from its Berlin headquarters. (Shareholders: RWE/Veolia 49.9%, the State of Berlin 50.1%) Quotation: “*Water for Quality of Life. With this*

idea in mind we are currently active in Central and South-Eastern Europe, Asia, Latin America and Africa.”

www.berlinwasser.com (German/English/French)

www.berlinwasser.de (German/English/French)

www.berliner-wassertisch.net (critical website)

Bilfinger & Berger (Germany)

Bilfinger Berger is a large, internationally-active construction company based in Mannheim, Germany and one of the leaders in the field, pushing through public-private partnership (PPP) projects. Here are some examples:

Bilfinger Berger operates 18 schools and four hospitals in the UK; in Germany, they concluded the country's first ever PPP project to develop “a new maximum security prison”; Bilfinger Berger Project Investments (BBPI) is the leading investor in “Projektgesellschaft Kreishaus Unna GmbH”, a project company which will redevelop, renovate and operate the Administration Building of the Unna District in North Rhine-Westphalia, Germany for a period of 25 years.

BBPI is an important contributor to the development of schools in the UK. With an “impressive” portfolio of seven educational PPP projects covering 18 secondary schools and 4 institutes of further education, BBPI has a track record of delivering quality buildings and influencing new methods of teaching and learning. This knowledge and experience is being applied in BBPI's current educational tenders across Australia, and BBPI is financing, developing and will subsequently operate East Down Colleges and Lisburn College in Northern Ireland for a period of 25 years. Over and above all this, Bilfinger Berger is currently active on the international water scene. In 2005, the company tried to gain control of the water supply in Santa Fe Province/Argentina via its subsidiary Passavant-Roediger Umwelttechnik GmbH, but failed in its endeavours.

www.bilfingerberger.com (German/English)

www.passavant-roediger-anlagenbau.de (German/English)

Biwater (UK)

Biwater Plc is a British water company which designs and builds water treatment works and wastewater treatment works, mainly in the UK but also around the world. Biwater Plc is divided up into several subsidiaries: Biwater International, Biwater Services Ltd., Farrer Consulting, Biwater Treatment Ltd., BiProduct Recovery Ltd. and CASCAL,

which has acquired a number of water concessions internationally.
www.biwater.com (English)

Compagnie Générale des Eaux/CGE (France)

CGE is now called Veolia Water and is part of Veolia Environnement. At one time it used to be part of Vivendi. History: On December 14, 1853, a water company named Compagnie Générale des Eaux (CGE) was created by an imperial decree of Napoleon III. In 1854, CGE obtained a concession allowing it to supply water to the inhabitants of Lyon, in which capacity it served for over a hundred years. In 1861, it obtained a 50-year concession with the City of Paris. For a whole century, Compagnie Générale des Eaux remained largely focused on the water sector. However, following the appointment of Guy Dejouany as CEO in 1976, CGE extended its activities into other sectors with a series of takeovers. Beginning in 1980, CGE began diversifying its operations from water into waste management, energy, transport services, construction and real estate. It acquired the “Compagnie Générale d’Entreprises Automobiles” (CGEA), specialised in industrial vehicles, which was later divided into two branches, Connex and Onyx Environnement. CGE then bought up the “Compagnie Générale de Chauffage” and later the Montenay Group. The energy services division of these companies became part of what was later (1998) renamed “Dalkia”. (see: Veolia)

EnBW AG (Germany)

Founded in 1997, Energie Baden-Württemberg AG, or simply EnBW, is an energy giant with headquarters in Karlsruhe, Germany. The company operates electricity, water and gas supply networks and pursues a strategy of aggressive expansionism, not only in Germany but also in other parts of the world. At present, the two principal shareholders of EnBW are Electricité de France (EDF) and the Oberschwäbische Elektrizitätswerke (OEW), each with a 45% share. EDF is currently the largest operator of nuclear power plants worldwide. In accordance with a closed consortium agreement between EDF and OEW, EDF will retain supervisory control of EnBW until 2012. About 5.4 million customers make EnBW the third-largest utilities company in Germany.
www.enbw.com (German/English) (see: chapter on Stuttgart)

Endesa S.A. (Spain/Italy)

Endesa, S.A. (Empresa Nacional de Electricidad, S.A.) is the largest electricity and multi-utility company in Spain and a subsidiary of the Italian utility company Enel. It has 10 million customers in Spain, with a domestic annual generation of over 97,600 GWh from nuclear, fossil-fueled, hydroelectric and renewable resource power plants. Internationally, it serves another 10 million customers and provides them with over 80,100 GWh annually. Endesa (and Enel as major shareholder) is pushing ahead with an aggressive agenda of privatisation, totally indifferent to the suffering of the indigenous peoples and any environmental damage caused in the process. Endesa owns the rights to those Chilean rivers most abundant in water, a legacy of the dictator Augusto Pinochet, who privatised the rivers in the 1980s. Despite fierce resistance by the Mapuche people, two dams – the Pangue and the Ralco Dams – have already been connected to the power supply system. Now Endesa is planning to build a further five hydroelectric power stations in Patagonia, on the Rivers Baker, Simpson and Neef.

www.endesa.es (English/Spanish)

www1.american.edu/ITED/ice/CHILEDAM.HTM (critical website)

Kemble Water Ltd.

(see: Macquarie European Infrastructure Fund/MEIF)

Lahmeyer International (Germany)

Lahmeyer International (LI), founded in 1966, is a leading company of consulting engineers with headquarters in Bad Vilbel-Dortelweil. LI provides a wide range of services including concept studies, time scheduling, project approval, preparation of tender documents, contract and site management, and construction and operation supervision in the following sectors: power engineering, power plant technology, energy management, hydraulic engineering, water power, water treatment, transport, railroad systems and tunnels. One particular case demonstrates how powerful companies get their hands on contracts: a court in Lesotho, South Africa found Lahmeyer International guilty of bribery and corruption in connection with the Lesotho Highland Waters Project. On June 17, 2003, the court ruled that, in the 1990s, Lahmeyer had paid bribes totalling around US\$150,000 to the then managing director of the dam project. In June 2002, this man was sentenced to 18 years in prison on charges of corruptibility and in a further court verdict in October 2002, the Canadian engineering company Acres

was charged with bribery and fined \$2.1 million. Let us quote LI:
“The name Lahmeyer stands for experience and quality. We are one of the world’s leading engineering companies with regard to multidisciplinary task assignments. Governments, local authorities, energy suppliers, industrial enterprises, investors and international financial institutions regard us as reliable partners for their projects.”

www.lahmeyer.de (German/English)

Macquarie Group (Australia)

Macquarie Group Ltd. (formerly Macquarie Bank Ltd.) is a global investment banking and diversified financial services group, providing banking, financial, advisory and investment services to investors, corporations and governments. Founded in 1969, it is the pre-eminent Australian investment bank, with global headquarters in Sydney and more than 70 offices in 26 countries. As of March 31, 2009, Macquarie employed approximately 12,700 people and had assets under management of A\$243 billion.

Macquarie European Infrastructure Fund (MEIF)

The Macquarie European Infrastructure Fund is a diversified pan-European infrastructure fund, established in April 2004. At its final closing in June 2005, MEIF had commitments of €1.5 billion from leading institutional investors. Its mandate is to invest in a portfolio of infrastructure assets located in European OECD countries. MEIF took over the water supply operator Thames Water from RWE, with the aim of achieving high yields. One unusual feature of the Macquarie Bank, as a financial institution, is the very strong political connections it maintains through the appointment of former politicians and senior political members of staff to senior and highly-paid positions.

www.macquarie.com (English)

www.macquarie.com/eu/infra/index.htm (English)

Monsanto (USA)

The Monsanto Company is a U.S.-based multinational agricultural biotechnology corporation. It is the world’s leading producer of the herbicide glyphosate, marketed as “Roundup Ready”. Monsanto is also the leading producer of genetically-engineered (GE) seed, holding 70%-100% of the market share for various crops. Monsanto’s development and marketing of genetically-engineered seed and bovine growth hormones, as well as its aggressive litigation and political lobbying

practices, have made the company controversial around the world and a primary target for the anti-globalisation movement and environmental activists. Here are some examples: more than 4,500 farmers have committed suicide in India, due largely to mounting debt caused by poor yields, increased need for pesticides and the higher cost of the BT cotton seed sold by Monsanto. In July 2004, India's Prime Minister, Manmohan Singh, pledged to set aside funds in the national budget to aid struggling farmers, as well as the families of those who committed suicide. The weedkiller Roundup Ready, with its active substance glyphosate, is carcinogenic and can lead to hereditary defects, as well as the contamination of water and the soil, with effects similar to those of Agent Orange during the Vietnam War. Monsanto is also deliberately contaminating farmers' fields with genetically-modified seed and demanding compensation from them later, as in the case of Canadian farmer Percy Schmeiser. Let us quote Monsanto: "...We help farmers grow yield sustainably so they can be successful, produce healthier foods, better animal feeds and more fiber, while also reducing agriculture's impact on our environment."

www.monsanto.com (English)

www.organicconsumers.org/monlink.cfm (critical website)

www.monsantowatch.org (critical website)

MVV Energie AG (Germany)

In 1974, the publicly-run department of works in Mannheim was transformed into the Mannheimer Versorgungs- und Verkehrsgesellschaft mbH (MVV). This municipal and regional utility company was renamed MVV Energie AG in 1998 and then, in March 1999, partially privatised via stock market flotation. Shareholders are: the City of Mannheim with 50.1%, RheinEnergie AG (RWE) with 16.1% and EnBW AG with 15% – widespread shareholdings make up the remaining 18.8%.

www.mvv-energie.de (German)

Ondeo (France) (see: Suez)

RWE (Germany)

The Essen-based multi-utility company RWE (Rheinisch-Westfälische Elektrizitätswerke AG), founded in 1898, is now one of Germany's energy giants and the second-largest electricity producer in the country. Through its various subsidiaries, the company delivers water, electricity

and gas to more than 30 million customers, mainly in Europe. RWE sold off the water supplier Thames Water to Kemble Water Ltd., a subsidiary of the Australian Macquarie European Infrastructure Fund (MEIF), at the end of 2006 and partly divested itself of American Water, the largest U.S. investor-owned water utility. However, RWE continues to hold shares in Berlinwasser and the Berlinwasser Holding AG.

www.rwe.com (German/English)

Saur Group (France)

Saur was established in 1933 and became a subsidiary of the Bouygues Group in 1984. The company delivers water to almost 31 million people throughout the world – it serves 6 million customers in France alone. Although that country has blessed the world with its wonderful wines and bread, it has also given us the model of water privatisation which is being forced upon us by the World Bank, EU and many other neoliberal institutions. Saur has successfully held on to its dominant position in Africa, particularly in French West Africa, where it is involved in several controversial projects.

The energy giant's international holding company, Saur International, claims to supply a total of 45 million people with energy and water services combined. This part of the group was created in 1995, to allow Saur to expand into new markets and take advantage of increased multilateral funding available to private water utilities. Electricité de France (EDF), another major corporation that invests heavily in energy worldwide and that monopolises the French energy market, bought a 23 per-cent share in Saur International in 1995.

www.saur.com/en (English)

Siemens AG (Germany)

Siemens AG is Europe's largest engineering conglomerate with international headquarters in Berlin and Munich, Germany. It operates in three main business sectors – industry, energy and healthcare – with a total of 15 divisions in all. Worldwide, Siemens and its subsidiaries employ approximately 480,000 people in nearly 190 countries and together they reported global revenue of \$110.82 billion as of 2008. In December 2008, after being investigated for serious bribery, Siemens agreed to pay a record \$1.34 billion in fines. The investigation found questionable payments totalling roughly €1.3 billion, or \$1.9 billion, from 2002 to 2006, which triggered a whole range of inquiries in Germany, the United States and many other countries. In May 2007,

a German court convicted two former executives of paying about €6 million in bribes from 1999 to 2002 to help Siemens win natural gas turbine supply contracts with Enel, an Italian energy company. The contracts were valued at about €450 million. Siemens was fined €38 million.

www.siemens.com (German/English)

Voith Siemens Hydro Power Generation

The joint venture of Voith and Siemens, which was founded in April 2000, will now be known as Voith Hydro. The corporation continues to be a full-line supplier for advanced hydroelectric equipment and technology, and the shares of both partners remain unchanged. More than 40,000 generators and turbines have been installed worldwide by Voith Siemens Hydro Power Generation/Voith Hydro. It is the largest supplier of such components for embankment projects worldwide.

www.voithhydro.com (German/English)

Suez S.A. (France)

Suez S.A. was a leading French-based multinational corporation, with operations primarily in water, electricity and natural gas supply, as well as waste management. Suez came into being as the result of a 1997 merger between the Compagnie de Suez and Lyonnaise des Eaux, a leading French water company. In the early 2000s, Suez also owned some media and telecommunications assets, but has since divested these. According to the Masons Water Yearbook 2004/05, Suez served 117.4 million people around the world. Suez was (and continues to be – via GDF Suez) one of the world's oldest continuously-existing multinational corporations. Prior to the GDF merger, Suez had experienced almost two centuries of reorganisation and corporate mergers. Its most recent name comes from the involvement of one of its several founding entities – the Compagnie universelle du canal maritime de Suez – in building the Suez Canal in the middle of the 19th century.

GDF SUEZ

The company conducted a merger of equals with fellow utility company Gaz de France on July 22, 2008 to form GDF Suez. The water and waste assets of Suez were spun off into a separate publicly-traded company, Suez Environnement.

Suez Environnement

Suez Environnement is responsible for the water business sector of GDF Suez, formerly Suez. Suez' activity in the water sector has a long tradition. It has been – and still is – the target of criticism and opposition. Here are some examples of this:

- When Suez' contracts do not provide the hoped-for returns and when contracted obligations cost more than the corporation wants to pay, Suez burdens governments in developing countries with expensive, cumbersome legal actions and uses these threatening legal actions to pressure governments during contract negotiation processes.
- Suez “redlines” poor neighbourhoods by negotiating contracts that attempt to avoid carrying out water system renovations and extensions to certain areas, thereby denying certain communities clean and affordable water.
- Suez repeatedly signs contracts and then attempts to avoid its contractual obligations, i.e. investments in the maintenance and expansion of water systems in developing countries, causing environmental contamination and social tensions.
- Suez does not respect the UN proclamations on the human right to water – for example, in developing countries, by cutting off water to low-income families who cannot afford to pay – despite professing that “*ethical values provide the natural underpinnings of the Group's ideals, which are put into practice daily*”.
- Suez files lawsuits against developing countries in the World Bank's affiliated court, furthering the indebtedness of developing nations. These nations are already saddled with staggering debt and cannot afford to subsidise one of the world's largest water corporations.
- In 1996, a top executive of Suez Lyonnaise des Eaux of France was sent to prison, along with government officials in Grenoble, for bribery in connection with a contract award.
- In 1998, Suez subsidiary United Water won a \$21-million contract in Atlanta, where local officials and residents have since complained about broken fire hydrants, slow service and brown water with flecks of debris. In 2000, United Water executives in several states donated more than \$10,000 to the brother of Atlanta Mayor, Bill Campbell, who was running

for state auditor of North Carolina.

- In March 2000, local authorities in Limeira, Brazil moved to renationalise the city's water supply after a Suez subsidiary invested only half of the required amount in the water network.
- Suez triggered off the water wars in El Alto and La Paz and the fall of the president of that time, Carlos Mesa, on the grounds of contractual non-compliance.

(see: chapter on Bolivia)

www.gdfsuez.com (English)

www.suez-environnement.com (English)

Thames Water (UK/Australia)

Thames Water, known originally as the Thames Water Authority (founded in 1973 under the terms of the Water Act 1973) and after privatisation in 1989 as Thames Water Utilities Ltd., is responsible for the water supply and wastewater treatment in parts of Greater London and other communities. Initially, it was also responsible for managing the rivers and water catchments of the area, as well as being the navigation authority of the non-tidal River Thames. When the utility was privatised, its regulatory, river management and navigation responsibilities were transferred to the National Rivers Authority, which later became part of the Environment Agency. In 2001, Thames Water Plc was acquired by the German utility company RWE.

In October 2006, RWE announced that it was selling Thames Water to Kemble Water Ltd. for £4.8 billion (since Thames Water had a pro forma net debt of £3.2 billion this implies an enterprise value of £8.0 billion). Kemble is a consortium led by an investment fund run by the Australian Macquarie Bank. Australian investment funds already have interests in South-East Water and Mid-Kent Water. The sale went ahead in December 2006. Since then, the company has refocused its efforts on improving its operational performance and this year announced the largest-ever capital investment (£1 billion) of any UK water company. Thames Water has been repeatedly criticised by the industry regulator OFWAT for the amount of water that leaks from its pipes and subsequently fined for this. In May 2006, the loss amounted to nearly 900 megalitres per day. In June 2006, Thames Water missed its target for reducing leakages for the third year in a row. Also that month,

the firm announced a 31% rise in pre-tax profits to £346.5 million. The Consumer Council, a customers' group, accused Thames Water of continuing to miss their targets for the past five years: "*Thames Water are making big profits and there is a credibility gap between making large profits and asking customers to save water. People are paying more for their water bills and have every right to expect what they are paying for, which is a service that includes all the benefits the company has promised to deliver.*" In July 2006, instead of a fine, which would have gone "to the Exchequer", the company was required to spend an extra £150 million on repairs. In June 2007, Thames Water proclaimed that it had met and exceeded the 2006/07 leakage target set by OFWAT, the first annual target the company had fulfilled since 2000. A year later, Thames Water announced that, subject to audit, it had met and exceeded the 2007/08 leakage target. In January 2009, Thames Water was fined £125,000 and ordered to pay £21,335 in clean-up and investigation costs after pleading guilty to charges of polluting the River Wandle in September 2007.

www.thameswater.co.uk (English)

United Utilities (UK)

United Utilities is a British utility company with 9,000 employees and headquarters in Warrington. Although it operates mainly in North-West England, it serves a total of over 20 million people around the UK and worldwide. Its water business is regulated under the Water Industry Act of 1991.

www.unitedutilities.com (English)

United Water (USA)

United Water Resources, founded as Hackensack Water Company in 1869, has grown into one of the largest U.S. water services companies. Its headquarters are located in Harrington Park, New Jersey. The company owns and operates water and wastewater utilities and also has contracts to operate municipal network systems. United Water serves about 7 million people throughout the USA. Paris-based Suez Environnement, a global water and waste treatment company, is the parent company of United Water Resources.

www.unitedwater.com (English)

Veolia Environnement S.A. (France)

Veolia is a multinational French company with activities in four main areas: water, waste management, energy and transport services.

In 2007, it had revenues of \$47 billion and employed around 300,000 people. It is one of the largest water suppliers worldwide. Between 2000 and 2003, the company was known as Vivendi Environnement, having been spun off from the Vivendi conglomerate, most of the rest of which became Vivendi. Prior to 1998, Vivendi was known as Compagnie Générale des Eaux. The name “Veolia”, adopted in April 2003, is derived from Aeolus, the keeper of the winds in Greek mythology. On December 14, 1853, a water company named Compagnie Générale des Eaux (CGE) was created by an imperial decree of Napoleon III. In 1854, CGE obtained a concession in order to supply water to the public in Lyon, serving in this capacity for over a hundred years. In 1861, it obtained a 50-year concession with the City of Paris (see: CGE). Criticism: Veolia, like other giant water companies, has come in for some very harsh criticism. In 1999, e.g., a consortium made up of RWE, Veolia and – temporarily – the Allianz Insurance Company bought a 49.9 per-cent share in the BWB (Berliner Wasserbetriebe), the German capital’s municipal water company. The federal state of Berlin retained a 50.1 per-cent interest. Despite their own minority interest, these giants were given managerial control. An oppressive contract was negotiated, guaranteeing RWE/Veolia a more than 8 per-cent annual rate of return over a 28-year period – to the detriment of consumers! Likewise, the BWB is the 100 per-cent owner of the BWH, the internationally active Berlinwasser Holding AG, which means that the citizens of Berlin are liable for the consequences of the BWH’s financial activities.

www.veolia.com/en (English/French)

www.veolia.de (German)

www.berliner-wassertisch.net (critical website)

www.corporateeurope.org (English; search for report on Veolia)

Vivendi (France) (see: Veolia)

Coca Cola Company

The Coca Cola Company is the world's largest beverage company and one of the biggest corporations in the USA. The number-one manufacturer, distributor and marketer of non-alcoholic beverage concentrates and syrups worldwide is best known, however, for its flagship product Coca Cola, invented by pharmacist John Stith Pemberton in 1886. The Coca Cola formula and brand were bought in 1889 by Asa Candler, who incorporated the Coca Cola Company in 1892. Besides its namesake, Coca Cola currently has nearly 400 brands on the market in over 200 countries or territories and provides 1.5 billion servings to consumers each day. The company and its products have been criticised by various sources for a whole variety of reasons. These include: negative health effects resulting from consumption of its products, exploitative labour practices, high levels of pesticides in its products, the construction of plants in Nazi Germany which employed slave labour, environmental destruction, monopolistic business practices, hiring paramilitary units to murder trade union leaders and marketing unhealthy products for children.

www.coca-cola.com (English and several other languages)

www.killercoke.org (critical website)

www.indiaresource.org (critical website)

www.inminds.co.uk/boycott-coca-cola.html (critical website)

Danone

Groupe Danone (known as Dannon in the USA) is a French food-products company based in Paris. It claims world leadership in fresh dairy products, marketed under the corporate name, and also in bottled water. Besides the Danone/Dannon brand of yoghurts, the company owns several internationally-known brands of bottled water: Volvic, Evian and Badoit. About 56% of its 2006 net sales derived from dairy products, 28% from beverages and 16% from biscuits and cereals. Danone owns many water brands worldwide. In Asia, it has acquired Yili, Aqua (Indonesia) and Robust (92%), and has a 51 per-cent holding in China's Wahaha Joint Venture Company, giving it a total market share of 20% and making it the leading vendor of packaged water in Asia.

www.danone.com (French)

www.danone.de (German)

Nestlé S.A.

Nestlé S.A. is a multinational packaged-food and bottled-water company, with headquarters in Vevey, Switzerland and an annual turnover of more than SF87 billion. It originated in the 1905 merger of the Anglo-Swiss Milk Company for milk products, established in 1866 by the Page Brothers in Cham, Switzerland and the Farine Lactée Henri Nestlé Company, set up in 1866 by Henri Nestlé to provide an infant food product. Both world wars affected corporate growth: during the first, dried milk was widely used, but the second caused profits to drop by around 70%. Sales of the instant coffee Nescafé were boosted, however, by the U.S. military. After both wars, growth was stimulated by acquisitions, allowing the corporation to take over several well-known brands and expand its range. These now include Maggi, Thomy and Nescafé, all of which are known worldwide. Nestlé is the world's largest food company. Some of Nestlé's past and current business actions have attracted widespread criticism. The most prominent and well-documented controversy concerns its methods of marketing processed cow's milk or baby formula (infant, or more recently, follow-on formula) as a breast-milk substitute for mothers around the world, including those in developing countries. The promotion of these products in economically-disadvantaged countries is of particular concern. During the Nestlé boycott of 1977, the company's activities attracted worldwide attention, but other aspects of its operations have also come under attack. A Brazilian group called Cidadãos pelas Águas (Citizens for Water) has called for a boycott of Nestlé products in Brazil over the company's extraction of water from an aquifer in São Lourenço. Nestlé coffee and chocolate products are also being boycotted in favour of fair trade alternatives. In late September 2008, the Hong Kong government claimed to have found melamine in a Chinese-made Nestlé milk product. The Dairy Farm milk was made by the company's division in the Chinese coastal city of Qingdao. Nestlé affirmed that all its products were safe and were not made from contaminated milk. On October 2, 2008, the Taiwan Health Ministry announced that six types of milk powder produced by the food giant in China contained traces of melamine.

www.nestle.com (English)

www.ibfan.org (critical website on baby food)

www.en.wikipedia.org/wiki/Nestle_boycott (critical website)

PepsiCo Company

PepsiCo Incorporated is an American multinational corporation with headquarters in Purchase, NY. It manufactures and markets a wide variety of carbonated and non-carbonated beverages, as well as salty, sweet and grain-based snacks, and other foods. Besides the Pepsi Cola brands, the company also owns the following brands: Quaker Oats, Gatorade, Frito Lay, SoBe, Naked, Tropicana, Copella, Mountain Dew, Mirinda and 7 Up (outside the USA). Today, beverage distribution and bottling is undertaken primarily by associated companies such as the Pepsi Bottling Group and Pepsi Americas. Criticism: In 2003, the Centre for Science and Environment (CSE), a non-governmental organisation in New Delhi, said that aerated waters produced by soft drinks manufacturers in India, including the multinational giants PepsiCo and Coca Cola, contained toxins, inter alia lindane, DDT, malathion and chlorpyrifos – pesticides that can contribute to cancer and a breakdown of the immune system, as well as causing birth defects. Products tested included: Coke, Pepsi, 7 Up, Mirinda, Fanta, Thums Up, Limca and Sprite. The CSE found that Pepsi's Indian-produced soft drink products contained 36 times the level of pesticide residues permitted under European Union regulations – Coca Cola's contained 30 times the amount. No such residues were found in the same products tested in the USA. However, these results were based on European standards for water, not for other beverages. There are no laws in India banning the presence of pesticides in drinks.

www.pepsico.com (English)

15.3 **Neoliberal Institutions with a Privatisation Agenda**

AIG American International Group

One of the world's leading insurance and financial services organisations, closely involved in Cross Border Leasing contracts.

www.aigeurope.com (English)

BDI Bundesverband der Deutschen Industrie

(National Association of German Industry)

www.bdi.eu (German/English)

Bertelsmann Foundation

(German: Bertelsmann-Stiftung) The largest privately-operating foundation in Germany, created in 1977 by Reinhard Mohn of the Bertelsmann and Mohn families, who became well-known for promoting neoliberal ideas such as increased competition in the fields of education and research. The foundation has been accused by civil rights movements of channeling its concepts into the reform of state universities in order to eliminate traditional values such as free access to education and academic autonomy. It hosts the Centre for Applied Policy Research (CAP), the Centre for Higher Education Development (CHE) and the “Kronberger Talks”. Furthermore, the foundation is striving to establish a “New European Order”, a “New Middle East Order” and even a “New World Order”, using the “Kronberger Talks” as one of its instruments on the way to achieving these goals.

www.bertelsmann-stiftung.de (German/English)

www.cap-lmu.de/english (German/English)

www.che-concept.de (German/English)

Bilderberg Group

(Also known as the **Bilderberg Conference** or **Bilderberg Club**) Unofficial, annual conference of around 115-130 invited guests (two thirds from Western Europe, the other third from North America), mostly influential figures from the political, business and banking sectors; meets at luxury hotels or resorts throughout the world – normally in Europe – and once every four years in the USA or Canada; the 2009 Bilderberg meeting took place from May 14-16 in Athens, Greece.

Blackstone

Global private-equity investment firm and one of the “locusts”.

www.blackstone.com (English)

BMWi Bundesministerium für Wirtschaft und Technologie

German Federal Ministry of Economics and Technology, formerly known as the Federal Ministry of Economics and Labour (BMWA).

www.bmwi.de (German/English/French)

BMZ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

German Federal Ministry for Economic Cooperation and Development; host of the GTZ and its activities.

www.bmz.de (German/English)

BusinessEurope

After the ERT, this is one of the most influential lobby organisations in Europe and one which draws up draft legislations, among other things.

www.business-europe.eu (English)

BVVG Bodenverwertungs- und -verwaltungsgesellschaft mbH

(Land Use and Administration Company) German state-owned, private real-estate company which has been selling off fields, meadows, forests and lakes in Eastern Germany to the highest bidder since 1992. The legal basis for its activities is the Treuhand Act of June 17, 1990, which regulates, inter alia, the essential details pertaining to the privatisation of land; successor organisation to the Treuhand Agency, set up in 1990 as a public institution for adapting the state corporations of the former GDR to the standards observed in the BRD.

www.bvvg.de (German)

Carlyle

The Washington D.C.-based Carlyle Group is a global private-equity investment firm and one of the “locusts”, with more than US\$84.5 billion of equity capital under management, diversified over 64 different funds as of March 31, 2009. In the past, the firm employed political figures and notable investors, including former U.S. President George H. W. Bush, former British Prime Minister John Major, former U.S. Secretary of State James A. Baker III and George Soros.

www.carlyle.com (English)

Council on Foreign Relations (CFR)

Founded by David Rockefeller in 1921; exerts a decisive influence on world politics and EU foreign policy.

www.cfr.org (English)

DEG Deutsche Investitions- und Entwicklungsgesellschaft

(German Investment and Development Association) Limited company, founded in 1962 as a subsidiary of the KfW Banking Group; concentrates on the implementation, structuring and financing of private-enterprise interests in both developing and developed countries.

www.deginvest.de (German/English)

DIHK Deutscher Industrie und Handelskammertag

(German Trade and Industry Assembly) The leading organisation of all 82 chambers of trade and commerce in Germany.

www.dihk.de (German/English)

DSB Dispute Settlement Body

(part of the WTO)

Deutsche Bank AG

www.db.com (German/English)

ECB European Central Bank

One of the world's most important central banks, responsible for monetary policy covering the member states of the Euro-zone. It was established by the European Union (EU) in 1998 and has its headquarters in Frankfurt am Main, Germany.

www.ecb.int (English and 22 other languages)

ECJ European Court of Justice

www.curia.europa.eu/jcms (English and 22 other languages)

EIB European Investment Bank

www.eib.org (English/German/French)

EPAs Economic Partnership Agreements

Scheme to create a free trade area (FTA) between the EU and the ACP countries, as a response to continuing criticism that the non-reciprocal and discriminating preferential trade agreements offered by the EU are incompatible with WTO rules. EPAs are a key element of the Cotonou Agreement, the latest agreement in the history of ACP-EU Development Cooperation.

EPO European Patent Office

www.epo.org (German/English/French)

Ernst & Young

One of the largest professional services firms in the world; a global organisation of member firms in more than 140 countries. Its global headquarters are based in London, UK and New York, USA.

www.ey.com (English and other languages)

ERT European Round Table of Industrialists

Powerful lobby of leading European stock companies/corporations.

www.ert.be (English)

ESF European Service Forum

“We are committed to actively promoting the interests of the European services sector and the liberalisation of services markets throughout the world in connection with the WTO GATS negotiations as well as with regional and bilateral trade negotiations.”

www.esf.be (English)

European Commission (EC)

www.ec.europa.eu (English and 20 other languages)

European Union (EU)

www.europa.eu (English and 22 other languages)

Fortress

U.S.-based global private-equity investment firm; one of the “locusts”.

www.fortressinv.com (English)

FTAA Free Trade Area of the Americas**FTAs Free Trade Agreements****G8**

Group of the 8 most “successful” industrial nations: USA, Japan, Germany, France, Britain, Italy, Canada and Russia.

GATS General Agreement on Trade in Services

Multilateral international agreement of the WTO; came into force in 1995.

GEWP German Water Partnership

www.gewp.de (German)

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit GmbH

(German Association for Technical Cooperation) Executive organisation of the Federal Ministry for Economic Cooperation and Development (BMZ), involved in development aid programmes; pro-

motes free trade, privatisation and the pursuit of German business interests.

www.gtz.de (German/English)

GTZ IS (GTZ International Services)

Private subsidiary of the GTZ; financially autonomous; can accept contracts from third parties.

GWP Global Water Partnership

International forum on water-related issues, founded in 1996, with neoliberal tendencies. Its aim is to force through the privatisation of water resources, the liberalisation of infrastructure, PPP projects and the dismantling of trade restrictions.

www.gwpforum.org (English)

IADB Inter-American Development Bank (see: IDB)

IBRD International Bank for Reconstruction and Development

Part of the World Bank Group (see: WB).

www.iadb.org (English/French/Spanish/Portuguese)

ICC International Chamber of Commerce

Has 7,500 members, including companies, associations and law firms from 130 countries, as well as its own court of arbitration.

www.iccwbo.org (English)

ICSID International Centre for Settlement of Investment Disputes

Part of the World Bank Group.

IDA International Development Association

Part of the World Bank Group; grants loans in connection with World Bank programmes and strategies.

IFC International Finance Corporation

Part of the World Bank Group; financially involved in several of the WB's projects.

IMF International Monetary Fund

www.imf.org (English/French/Russian/Arabic/Japanese/Chinese/Spanish)

International Financial Services, London (IFSL)

Organisation with 40 years of experience in promoting the UK-based financial services industry throughout the world. IFSL quote: “...our extensive links with business and government provide a unique platform for promoting UK financial services to the world. We are the leading voice in the UK calling for the liberalisation of international markets for financial services. We work closely with the worldwide network of UK Embassies, Consulates and High Commissions, and with all the Government Departments and regional bodies supporting financial services (especially HM Treasury, the Foreign and Commonwealth Office and the Department of Business, Enterprise and Regulatory Reform...”

www.ifsl.org.uk (English)

KfW Kreditanstalt für Wiederaufbau

(German Reconstruction Loan Corporation) Banking group; sponsoring bank; public-law institution; involved in privatisation projects.

www.kfw.de (English/German and 10 other languages)

KKR Kohlberg Kravis Roberts & Co

U.S. investment fund and one of the “locusts”.

www.kkr.com (English)

KPMG

One of the largest professional services firms in the world, with global headquarters located in Amstelveen, Netherlands; employs over 136,500 people in a global network, spanning over 140 countries.

www.kpmg.com (English)

MAI Multilateral Agreement on Investment

Floundered in 1999 as a result of civil society resistance.

MDGs Millennium Development Goals

UN campaign to fight poverty, including the implementation of privatisation measures.

www.un.org/millenniumgoals (English/French/Russian/Spanish/Chinese)

www.undp.org/mdg (English/Spanish/French)

MIG Macquarie Infrastructure Group

Subsidiary of the Australian Macquarie Bank, which bought Thames Water.

www.macquarie.com.au/au/mig (English)

MIGA Multilateral Investment Guarantee Agency

Part of the WB Group; sponsors direct foreign investments in developing countries.

MSR Multistakeholder Review

Study initiated by various stakeholders such as the BMZ, GTZ, RWE and others, intended to evaluate experiences made with water privatisation at international level; pursues a well-concealed privatisation agenda.

NAFTA North American Free Trade Agreement**NATO North Atlantic Treaty Organisation**

Military alliance of European and North American states, founded in 1949. NATO promotes privatisation indirectly through the wars it wages and its subsequent occupation of other countries, whereby reconstruction work is carried out by companies from the industrialised nations.

www.nato.int (English and other languages)

OECD Organisation for Economic Cooperation and Development

Successor to the OEEC, Organisation for European Economic Cooperation.

www.oecd.org (English/French)

ÖPP Öffentlich-Private Partnerschaften

(Public-Private Partnerships see: PPP)

PPP Public-Private Partnership

Strategy for the partial privatisation of general public services.

PricewaterhouseCoopers (PwC)

One of the world's largest professional services firms, formed in 1998; employs over 146,000 people in 150 countries. In the fiscal year 2008, it earned aggregated worldwide revenues of US\$28 billion. PwC is a Big Four auditor, alongside KPMG, Ernst & Young and Deloitte Touche Tohmatsu.

www.pwc.com (English)

PSD Private Sector Development

Privatisation strategy of the World Bank Group.

PSP Private Sector Participation

A general privatisation strategy.

Quad/Quadrilaterals

The name given to the four economic powers: EU, Japan, Canada and the USA, who hold a dominant position within the WTO.

Roland Berger

Strategy Consultants GmbH, Germany.

www.rolandberger.com (English)

SAP Structural Adjustment Programmes

Initiated by the WB and IMF, whereby loans granted to developing countries are linked to preconditions such as the privatisation of national resources and infrastructure.

Schroders

UK-based global asset management company with £113.3 billion (US\$186.5 billion) under management as of June 30, 2009.

www.schroders.com (English)

SECO Secrétariat d'Etat à l'Économie (State Office for Economic Affairs)

Swiss "Competence Centre", whose goal is to open up all markets for Swiss goods, services and investments; similar to the German GTZ and likewise involved in development aid policy.

www.seco.admin.ch (German/English/French/Italian)

TABD Trans-Atlantic Business Dialogue

Influential round table which coordinates the business interests of the USA and EU.

www.tabd.com (English)

TRIMs Trade-Related Investment Measures

These form part of the WTO's rules.

TRIPS Trade-Related Aspects of Intellectual Property Rights

Agreement governing rights such as international patents, copyright, trade marks etc.

UNICE Union of Industrialists and Employers' Confederation of Europe

(see: [businessseurope](http://businessseurope.com))

USCIB US-Council for International Business

www.uscib.org (English)

World Bank

The World Bank Group comprises the five suborganisations: IBRD, ICSID, IDA, IFC and MIGAS.

www.worldbank.org (English and 17 other languages)

WBCSD World Business Council for Sustainable Development

www.wbcd.org (English)

World Economic Forum (WEF)

Private foundation; organises an annual meeting of the political and business "elite" in Davos, Switzerland.

www.weforum.org (English)

WTO World Trade Organisation

www.wto.org (English/French/Spanish)

WRSS Water Resources Sector Strategy

The World Bank published its Water Resources Management Policy Paper, endorsing the involvement of the private sector and the building of large dams.

WWC World Water Council

Think tank of the World Bank, UN and the multinational water corporations; focuses on water privatisation; the body responsible for the World Water Forum.

www.worldwatercouncil.org (English/French/Russian)

WWF World Water Forum

International forum with strong neoliberal tendencies. It takes place every three years and focuses on water privatisation.

www.worldwaterforum5.org (English/French/Turkish)

16.1 **Films Related to Water and Globalisation****Abschalten! – Apaga y vámonos**

By Manel Mayol, Spain 2005, 87 minutes, documentary (Spanish with German subtitles). This is a documentary about the huge Ralco Dam Project, the River Bio Bio and the activities of the Endesa Company in Chile.

Blue Gold in the Garden of Eden

By Leslie Franke, a Kern TV production, co-produced by ZDF and in cooperation with arte, 2003, 58 minutes (English/German).

The film uses impressive images to convey the social and ecological consequences of the GAP dam project. Uprooting, impoverishment, contaminated soil, polluted water and diseases, previously unknown to the region, belong to the reality of the promised Garden of Eden.

Order DVD: bestellung@kernfilm.de

www.blauesgoldimgarteneden.de

Blue Gold: World Water Wars

By Sam Bozzo, USA 2009, documentary, 94 minutes (English).

www.bluegold-worldwaterwars.com

David vs. Goliath

By Leslie Franke and Hermann Lorenz, a co-production of Kern TV and ARTE GEIE, 2007, 20 minutes (English). The film is about the small U.S. town of Felton, whose citizens are fighting against the German energy giant RWE in an attempt to re-communalise their water supply.

Order DVD: bestellung@kernfilm.de

www.h20upforsale.com

Flow – For Love of Water

By Irena Salina and produced by Steven Starr, USA, 2008, documentary, 92 minutes (German/English).

Order DVD: david@oscilloscope.net

www.flowthefilm.com

H2O up for Sale – The Privatisation of a Human Necessity

By Leslie Franke and Hermann Lorenz, a joint production of Kern TV and NDR, supported by MSH, 2005, 58 minutes (English/German).

This film is incredibly useful for people in the USA who are opposing privatisation. It shows in a wonderful way the losses and the destruction that result from privatisation. We also think that it will appeal to many utility workers who understand what is at stake. We would love to show it to people here.

Order DVD: bestellung@kernfilm.de

www.h20upforsale.com

Let's Make Money

By Erwin Wagenhofer, 2008, 110 minutes (English/German).

The film is about aspects of the development of the worldwide financial system.

www.letsmakemoney.at

One Water

By Sanjeev Chatterjee and Ali Habashi, USA 2008, 68 minutes (English).

www.onewaterthemovie.org

The Corporation

By Mark Achbar/Jennifer Abbott, documentation, Canada, 2004, 145 minutes (English).

www.thecorporation.com

The World According to Monsanto (Le Monde selon Monsanto)

By Marie-Monique Robin, ARTE France/WDR Germany 2008, 107 minutes. (French/German)

Thirst

By Alan Smitow and Deborah Kaufman, USA, 2004, 62 minutes.

Order DVD: video@bullfrogfilms.com

www.thirstthemovie.org

War for Water

This film is about Cochabamba and can be watched free of charge.

www.fundacionabril.org/video.php

Water Makes Money

By Leslie Franke and Herdolor Lorenz, projected for spring 2010, financial support still needed!

contact: film@watermakesmoney.org

www.watermakesmoney.com/en

We Feed the World

By Erwin Wagenhofer, Austria, 2005, 96 minutes, documentary.
(German, with English and French subtitles)

www.we-feed-the-world.at

Films available on loan from Food & Water Watch film library

www.foodandwaterwatch.org/water/films/library

www.foodandwaterwatch.org/water/films/films

contact: cleanwater@fwwatch.org

Water Warriors

By Liz Miller, director and producer, 2006, 7 minutes.

When residents of Highland Park, MI, just outside of Detroit, began receiving water bills as high as \$10,000 and were facing massive shut-offs throughout the community, they took action. This film, *Water Warriors*, tells the story of an inspiring group of citizens working to address the water crisis in their community. How could this community, with its own intake from the Great Lakes Basin, the largest body of fresh water in the world, deprive so many of its citizens of water? *Water Warriors* seeks to answer this question and more.

FUERA! (OUT!)

By Lindsay Katona and Maria Cororran, 2005, 32 minutes.

The Bolivian cities of Cochabamba and El Alto experienced massive anti-privatisation riots in the wake of significantly-raised prices and poor water services, which have left thousands without access to water. *FUERA!* focuses specifically on the water supply network in El Alto, which has been privatised since 1997 under the French multinational Suez and its subsidiary, Aguas del Illimani. It not only investigates how Aguas del Illimani has affected people's access to water, the quality of water and public health in the sprawling urban hub of El Alto, but also tells of the anti-privatisation efforts of the Altenos themselves.

The Never Never Water

By Alessandra Speciale, 2002, 48 minutes.

The “water lords” have arrived in the Sahel as well. In Ougadougou, Burkina Faso, the search for water has always been an exhausting chore. In addition to the shortage of water, there is now also the threat of privatisation. In this period of drought, people crowd around the wells, waiting hours to fill a few buckets. Midway between reportage and narrative story-telling, this documentary tells the story of Moussa, an itinerant water-seller in the suburbs of the capital. It is a mesmerising and pacy tale of water justice at a very personal level.

Water Wars: Struggle in the Holy Land

By Iain Taylor, 1997, 26 minutes.

Could the war of the next century be over water rather than oil or politics? Demand for this most basic of resources is outstripping supply in some parts of the world and it is in these areas that the seeds of future wars have already been sown. *Struggle in the Holy Land* focuses on the apparent water inequalities between Palestinians and Israeli settlers in the West Bank and Gaza.

The Water is Ours, Damn it!

By Sheila Franklin and Ravi Khanna, 2000, 33 minutes.

The film focuses on the successful fight against the privatisation of water in Cochabamba, Bolivia. Through interviews and riveting footage of the street battles that took place between November 1999 and April 2000, people of Cochabamba tell the story of how they were able to take back control of their water, forcing the government to nullify the contract that sold the city’s water to U.S.-based Bechtel Corporation.

Profits of Doom

By John Kampfner, 2001, 50 minutes.

Ghana was once hailed by the World Bank as a showcase for its policies. Today, after two decades of financial “discipline”, the majority of Ghanaians are worse off than before. John Kampfner has been to Ghana, tracing the roots of the growing protect movement where the World Bank is now pushing for privatisation of water.

Fight for Country: The Story of the Jabiluka Blockade

By Pip Starr, 2002, 62 minutes.

For many decades, nuclear colonialism has been a hallmark of the

colonial oppression of Indigenous Peoples in Australia – from uranium mining and processing to the nuclear tests in the 1950s and 1960s. Often through the words of Jacqui Katona of the Gundjehmi Aboriginal Corporation (set up to support the Mirrar People’s rights), the film tells the story of how layers of white laws have been imposed on the Mirrar, riding roughshod over their own law, dispossessing them of their lands, and undermining their rights to determine their own futures and maintain their culture and society. *Fight for Country: The Story of the Jabiluka Blockade* is an independent film about the campaign against the development of the Jabiluka mine, which attracted global attention and widespread support across Australia.

Water for People and Nature

Produced by Working TV for The Council of Canadians, 2001, 11 minutes. Who’s after Our Water? Increasingly, the solution to the growing crisis of equitable access to clean, safe water and the protection of fresh water systems has been the commodification and privatisation of the world’s water. Faced with the relentless push by the world’s largest water companies and organisations like the World Bank and the International Monetary Fund, many activists from around the world began to see that they needed a forum where they could exchange information and strategies to fight the globalisation of the earth’s water. This was the simple idea that created “*Water for People and Nature: A Forum for Human Rights and Conservation*” held in Vancouver, British Columbia, Canada, from July 5 to 8, 2001. Organised by the Council of Canadians’ Blue Planet Project, “*Water for People and Nature*” brought together more than 1,000 experts and activists from over 40 countries. The outcome was a global network of grassroots activists and international organisations committed to empowering communities to demand that the earth’s water be protected as part of our global commons.

Earth Report VI: Plumbing the Rights

By Robert Lamb, Rob Sullivan and Amber Delahooke, 2002, 26 minutes. For one in six people on the planet, finding water for drinking, cooking and washing is a daily struggle. As fresh water resources become ever scarcer, the United Nations has set a target to halve the number of people without enough water by 2015! How can this be achieved? The

fashionable panacea is privatisation, partnerships and community mobilisation. *Plumbing the Rights* meets the people at the sharp end of the water crisis to find out their ideas on how to solve it.

Orange Farm Water Crisis

By Christina Hotz, 2003, 15 minutes.

The privatisation of the environment: water. The video *Orange Farm Water Crisis* shows water privatisation in the form of pre-paid water meters in South Africa. The video exists thanks to the activists of the Orange Farm Water Crisis & video activists from around the world, many of whom were in Johannesburg for the World Summit of Sustainable Development in 2002.

Watch online: www.sa.indymedia.org/news/2003/03/3383.php

Thirsting for War

By Christopher Mitchell, 1980, 50 minutes.

Water, one of life's necessities, is becoming a source of conflict on a global scale, much like oil. This film takes a comprehensive look at the struggle for control of water in the Middle East, specifically in Turkey, Syria and Iraq. *Thirsting for War* explores the political and economic dimensions of the growing tension in the region with great clarity. It is also sensitive to the personal dimension of these problems, including interviews with the displaced and suffering.

Chinatown

By Roman Polanski, 1974, 131 minutes.

Jack Nicholson, a private detective investigating an adultery case, stumbles on a murder scheme that has something to do with water.

The Milagro Beanfield War

By Robert Redford, 1988, 117 minutes.

A dispute over land in arid New Mexico comes to a head when water rights become involved.

Leasing the Rain

By Bill Moyers' Now, 2002.

Moyers examines the privatisation of Cochabamba, Bolivia's water and the subsequent "water war" which led to the expulsion of corporate privateer Bechtel.

Watch online: www.pbs.org/frontlineworld/stories/bolivia/thestory.html

Flooding Job's Garden

By Boyce Richardson, 1991, 59 minutes.

The James Bay and Northern Quebec Agreement of 1975, hailed by governments as a model for future land claims and self-government settlements, is considered to be Canada's first "modern treaty". 15 years later, Robert Bourassa's dream of northern hydro-electric power has become a nightmare for the James Bay Cree.

Drowned Out: We Can't Wish Them Away

By Franny Armstrong, 2002, 75 minutes.

Three choices: move to the slums in the city, accept a place at a resettlement site or stay at home and drown. An Indian family chooses to stay at home and drown rather than make way for the Narmada Dam. Bestselling author Arundhati Roy joins the fight against the dam and asks the difficult questions: Will the water go to poor farmers or to rich industrialists? What happened to the 16 million people displaced by fifty years of dam building? *Drowned Out* follows the Jalsindhi villagers through hunger strikes, rallies, police brutality and a six-year Supreme Court case. It stays with them as the dam fills and the river starts to rise...

White Gold

By Ben Cashdan, 2001, 32 minutes.

Katse is the highest dam in Africa. It is one of four under construction in Lesotho. Twelve of the world's largest construction companies have been accused of bribery in the project. In February 2001, Joburg Metro sent in the "Red Ants" (security officers) to evict families from the banks of the cholera-infected Jukskei River in Alexandra – where even today many residents have no running water. The Lesotho Highlands Water Project is supposed to provide 70 m³ of water per second to thirsty consumers in Gauteng, via tunnels under the Maluti Mountains. But since the recent corruption scandal broke, people have started to question the largest dam project in Africa. What about the displaced people? And the construction companies and bureaucrats pocketing our tax money? What is the impact of these costly dams on the poorest families in Alexandra and Soweto, who can no longer afford their water bills? Most of all, do we really need all this extra water?

A Journey in the History of Water I-IV

By Terje Tvedt, 2001, 4 episodes, 45 minutes each.

The series tells the dramatic story of how the struggle for fresh water has shaped human society to a remarkable extent. The viewer is taken to about 20 countries all over the world and shown a fascinating variety of ways in which people have coped with what is society's lifeblood – water.

Land of the Rising Water

Earth Report, 2002, 26 minutes.

This film examines Japan's success in urban water management to tackle floods and conserve the country's wetlands. It also presents community initiatives that could show others the way, like rainwater harvesting.

A Narmada Diary

By Anand Patwardhan and Simantini Dhuru, 1995, 60 minutes.

Denouncing the inadequacy of resettlement and compensation from the massive Narmada Sardar Dam Project, the Adivasis steadfastly refuse to leave their land – even if they drown there. A moving record of the Adivasi people's continuing struggle for social justice. On the other hand, the government is sheltering behind its talk of national gain and India's "necessary sacrifice" for development – but the film asks just who exactly this development is for.

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FREQUENTLY-USED ABBREVIATIONS 17 (WITH COMMENTS)

In relation to water and globalisation, arranged alphabetically

ABONG *Associação Brasileira de ONGs*

(Brazilian Association of NGOs)

ABSA *Aguas Bonaerenses S.A.*

Public water and wastewater management. In the context of remunicipalisation, the Buenos Aires provincial state government accepted an offer from SOSBA, the water workers' union of Buenos Aires Province, and created Aguas Bonaerenses S.A. in February 2002. Following the social and economic crisis, the government's decision to cooperate with the workers remained firm despite pressure from neoliberal institutions.

ACME *Association pour le Contrat Mondial de l'Eau*

(Association for the Global Water Contract)

ACP *African, Caribbean and Pacific Group of States*

Confederation of 77 states from Africa, the Caribbean and the Pacific Rim; economic cooperation; treaty with the EU based on unilateral customs preferences; Lomé Agreement, later Cotonou Agreement.

ACP *Groupe des États d'Afrique, des Caraïbes et du Pacifique*

(African, Caribbean and Pacific Group of States)

AKP-Staaten (see: ACP)

ADB *Asian Development Bank*

ADB *African Development Bank*

ADES *Association Démocratie-Écologie-Solidarité*

French Socialist-environmental voters' alliance, fighting for remunicipalisation.

AFTA *Asian Free Trade Agreement*

AIG *American International Group*

Large *American insurance* corporation; part of the financial crisis.

AISA *Aguas del Illimani S.A.*

Company founded in 1997 and based in La Paz, Bolivia; provides drinking water and sanitation connections in El Alto, La Paz, Santa Cruz and Cochabamba; subsidiary of Suez, the world's largest water giant; a consortium of the French Suez (55% of shares), Bolivian-Argentine investors (34% of shares) and the World Bank's International Finance Corporation, IFC (9% of shares).

ALBA *Alternativa Bolivariana para las Américas*

(Bolivian Alternative Plan for the American States) Alternative plan to ALCA.

ALCA *Área de Libre Comercio de las Américas* (Spanish); *Área de Livre Comércio das Américas* (Portuguese); *American Free Trade Area* (English) Intended to encompass all 34 states of North, South and Central America, as well as the Caribbean states with the exception of Cuba; initiated in 1991 by former U.S. president, George H. W. Bush, but not realised to the present day due to existing differences (see: FTAA).

ANA Agência Nacional de Águas

Brazilian national water regulatory body.

ANAMATRA Associação Nacional dos Magistrados da Justiça do Trabalho (National Association of Working Rights Magistrates, Brazil)**AoA Agreement on Agriculture****AöW Allianz der öffentlichen Wasserwirtschaft e.V.**

German alliance of public water suppliers.

APDA Asamblea Provincial por el Derecho al Agua

(The Provincial Assembly for the Right to Water) Established in June 2002; coalition of civil society organisations which brings together neighbourhood assemblies, unions, religious, consumer and ecological associations, small businesses and individuals from 15 cities in Argentina. Background: In 1996, the government of Santa Fe Province signed a contract granting the water supply service to Aguas Provinciales de Santa Fe S.A., a private subsidiary of the French giant Suez.

APEC Asian-Pacific Economic Cooperation**APFM Associated Programme on Flood Management****APOINME Articulação dos Povos e Organizações Indígenas**

do Nordeste (Articulation of Indigenous Peoples and Organisations in the North-East, Minas Gerais and Espírito Santo, Brazil)

APSF S.A. Aguas Provinciales de Santa Fe S.A.

In 1995, the government of Santa Fe province, Argentina signed a 30-year contract with APSF S.A, a subsidiary of the French giant Suez, which supplied drinking water and wastewater services for 15 cities. In August 2005, APSF announced its departure from Santa Fe, unilaterally terminating the contract. Accused of constant breaches of contract, the company was hounded out of the province of Santa Fe as a result of a strong campaign from a broad civil society coalition.

ASEAN Association of South-East Asian Nations**ASICA-Sur**

Association of water committees in Cochabamba, with over 120 such committees as members: represents about 60,000 people from the area of Cochabamba known as the "Zona Sur" or Southern Zone.

ASSA Aguas Santafesinas S.A.

Created in February 2006 to provide water services to 15 towns in Santa Fe, Argentina; public limited company, with the provincial and municipal governments holding 90 per cent of shares, and workers the remaining 10 per cent. The provincial government has committed itself to not transfer shares to private investors during the first three years.

ASSE II

Disused German salt mine and disposal site for nuclear waste where water is pouring in, causing radioactive contamination of the ground water.

ASSEMAE Associação Nacional dos Serviços Municipais de Saneamento

(The Brazilian National Association of Municipal Water and Sanitation Services) Founded in 1984; defends the interest of successful public water delivery services.

AtG Atomgesetz der Bundesrepublik Deutschland

(German Atomic Energy Act)

ATTAC *Association pour la taxation des transactions financières pour l'aide aux citoyens*

(The Association for the Taxation of Financial Transactions for the Aid of Citizens) Activist organisation; originally a single-issue movement demanding the introduction of the so-called Tobin tax on currency speculation, ATTAC now devotes itself to a wide range of issues related to globalisation.

AWF *Alternative Water Forum*

AWMP *Another Water Management Is Possible*

AWN *African Water Network*

BASF *Badische Anilin- und Sodafabrik*

Large German chemical company.

BBU *Bundesverband Bürgerinitiativen Umweltschutz*

Important German umbrella organisation of citizens' initiatives in the environmental protection sector; carries out important work in the fight against water privatisation, among other things, with its BBU water circular.

BD *Berne Declaration*

Swiss NGO, fighting neoliberal politics and working towards equitable North-South relations; host of the "public eye on Davos award".

BDE *Bundesverband der Deutschen Entsorgungswirtschaft e.V.*

(National Association of German Waste Disposal Management)

BDI *Bundesverband der Deutschen Industrie*

(National Association of German Industry) Strong neoliberal agenda.

BfR *Bundesinstitut für Risikobewertung*

(German Federal Institute for Risk Evaluation)

BGB *Bürgerliches Gesetzbuch für die Bundesrepublik Deutschland*

(Civil Code for the Federal Republic of Germany)

BGW *Bundesverband der deutschen Gas-und Wasserwirtschaft*

(Federal Association of German Gas and Water Management)

BIAC *Business and Industry Advisory Council*

The "Voice of Business" at the MAI negotiations; exerts a powerful neoliberal influence.

BITs *Bilateral Investment Treaties*

BMWi *Bundesministerium für Wirtschaft und Technologie*

(German Federal Ministry of Economics and Technology) Formerly called the Federal Ministry of Economics and Labour, BMWA; forceful privatisation agenda.

BMZ *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*

(German Federal Ministry for Economic Cooperation and Development) Strong privatisation agenda.

BNA *Bundesnetzagentur* (German Federal Network Agency, for infrastructure)

BNCI *Business Council on National Issues*

BOT *Build-Operate-Transfer*

Procedure whereby a private investor builds an installation, operates it for a longer period of time and then hands it over to public ownership after having made large profits.

BT *Bacterium Thuringiensis*

Bacterium introduced into the genetic make-up of a plant by means of genetic engineering; causes the plant to produce its own insecticides.

BUND *Bund für Umwelt und Naturschutz Deutschland*

(German Environmental Protection Association) Large NGO.

BVL *Bundesinstitut für Verbraucherschutz und Lebensmittelsicherheit*

(German Federal Institute for Consumer Protection and Food Safety)

BVVG *Bodenverwertungs- und -verwaltungs GmbH*

State-owned company dealing in the commercial exploitation and administration of private real estate; has been selling off fields, meadows, forests and lakes in Eastern Germany to the highest bidder since 1992.

BWB *Berliner Wasserbetriebe*

Part of the BWH, Berlinwasser Holding AG, a stock company.

BWG *Berlinwasser Holding AG*

Internationally-active water corporation, owned by the state of Berlin [50.1%] and RWE and Veolia [49.9%]; strong international expansion tendencies.

BWI *Berlinwasser International* Part of Berlinwasser Holding AG.

BWV *Bodensee-Wasserversorgung*

Special-purpose association for the supply of water to communities in the state of Baden-Württemberg; extracts water from Lake Constance and distributes it via pipelines.

CADI *Centre for Alternative Development Initiatives*

Philippine NGO; founded by Nicanor Perlas.

Cal-Am *California American Water*

Subsidiary of New Jersey-based company *American Water*; despite the patriotic-sounding names, Cal-Am and American Water are both subsidiaries of RWE.

CAP *Centrum für Angewandte Politikforschung*

(Centre for Applied Political Research) Extremely powerful think tank of the German Bertelsmann Foundation; exerts a strong influence in the field of international politics.

CAWP *Coalition against Water Privatisation*

NGO in Johannesburg, South Africa.

CBD *Convention on Biological Diversity*

CBHSF *Comitê da Bacia Hidrográfica do Rio São Francisco*

(São Francisco Hydrological Basin Committee, Brazil)

CBL *Cross Border Leasing*

Bogus transatlantic deals involving municipal infrastructure, with the aim of evading taxes; see: chapter on Cross Border Leasing.

CDASCOP *Comisión de Defensa del Agua y Saneamiento de Costa de Oro y Pando*

(Committee in Defence of Water and Wastewater, Uruguay) Part of CNDAV.

CDAV *Coordinadora de Defensa del Agua y de la Vida*

(Coalition for the Defence of Water and Life) Formed by civil society groups, trade unions, irrigation farmers and water committees in response to the privatisation offensive in Bolivia.

CDP *Consejo de Defensa de la Patagonia*

(Council in Defence of Patagonia, Chile)

CDU *Christlich-Demokratische Union Deutschlands*

(The German Christian Democratic Union) Conservative political party with strong neoliberal tendencies; pushes the privatisation of resources and public assets.

CEO *Corporate Europe Observatory*

Important NGO in the fight against privatisation, neoliberalism and EU imperialism; head office in Amsterdam, Netherlands.

CEO *Chief Executive Officer*

CEP *Compagnie des eaux de Paris*

Subsidiary of the French Veolia, formerly CGE.

CFD *Computational fluid dynamics*

Branch of *fluid mechanics* that uses *numerical methods and algorithms* to solve and analyze problems involving fluid flows.

CFR *Council on Foreign Relations*

Founded in 1921 by David Rockefeller; exerts a decisive influence on world politics and EU foreign policy; powerful push for neoliberal globalisation.

CGE *Compagnie Générale des Eaux*

French water giant; used to be part of Vivendi; now part of Veolia Environnement, under the name of Veolia Water.

CGPT *General Confederation of Peruvian Workers*

CHCs *chlorinated hydrocarbons*

Organochlorine compounds used for industrial purposes; can cause severe damage to the environment; some well-known examples are: chloralkanes such as methyl chloride, trichloromethane/chloroform, tetrachloromethane/carbon tetrachloride, lindane; chloralkenes such as vinyl chloride and dichloroethene; aromatic CHCs such as chlorbenzole, DDT or CS gas.

CHE *Centrum für Hochschulentwicklung*

(Centre for the Development of Higher Education) Powerful think tank of the German Bertelsmann Foundation for exerting influence in this field.

CIA *Central Intelligence Agency* (USA)

CIP *Capital Improvement Programme*

CKW *ChlorKohlenWasserstoffe* (see: CHC)

CMDE (Mali's Committee of Water Defence) Active since November 2005 in promoting and encouraging the mobilisation and cooperation of social struggles in Mali, as well as on the whole of the African continent and worldwide, to defend water as a basic human right and a public good.

CNDAV *Comisión Nacional en Defensa del Agua y de la Vida*

(National Coalition in Defence of Water and Life, Montevideo, Uruguay) Formed by more than 30 civil society organisations in August 2002. In October 2004, through a process of direct democracy, CNDAV secured a clause in Uruguay's constitution which defines the right to water as a fundamental human right. This created a foundation for the public management of water resources based on principles of social participation and sustainability. In addition to having considerably influenced the situation in Uruguay, this achievement sets an important international precedent as one of the first instances where an environmental right has been incorporated into a country's constitution via direct democracy. The constitutional reform of Article 47 of the constitution, in the section "rights, obligations, and guarantees", earned the support of 64-7% of

the votes cast and establishes that the criteria for the management of water resources – which must be public – have to be based on citizen participation and sustainability. The government of Uruguay created the National Direction for Water and Wastewater Services (DINASA) to implement the new water policy. It brings together all government ministries with water-related competence. Civil society organisations participate actively through the Technical Advising Commission on Water and Sanitation (COASAS).

COASAS

(National Direction for Water and Wastewater Services) Technical advising commission on water and sanitation, created by the government of Uruguay to implement the new water policy; brings together all government ministries with water-related competence. Civil society organisations participate through COASAS. At present, four working groups are active: water resources, drinking and wastewater services, legal work and public participation.

COB *Central Obrera Boliviana*

Umbrella organisation of the Bolivian trade unions.

COGESE *Compagnie de Gestion des Eaux du Sud-Est*

The activities of this company are another interesting example of the appropriation of water in the French city of Grenoble. In 1989, under the decisive influence of Mayor Alain Carignon, and against the protests of environmental and citizens' associations and unions, the council decided to privatise the city's water supply and sanitation network. The privatisation deal was arranged according to a concession model that is widespread in France.

(see chapter on Remunicipalisation/Grenoble)

COMDA *Coalición de Organizaciones Mexicanas por el Derecho al Agua*

(Coalition of Mexican Organisations for the Right to Water)

CONADI *Corporación Nacional de Desarrollo Indígena*

Chilean government agency for the protection of the indigenous population.

COPASA *Companhia de Saneamento de Minas Gerais*

Local authority-run water supply company in the federal state of Minas Gerais, Brazil.

CPA *Coalition Provisional Authority*

Provisional transitional government in Iraq after the U.S. attack.

CPI *Consumer Price Index*

CPI *Corruption Perceptions Index*

Compiled for 146 nations since 1995 by the NGO Transparency International.

CPP *Conselho Pastoral dos Pescadores*

(Pastoral Council of Fishermen, Brazil)

CPT *Comissão Pastoral da Terra*

(National Pastoral Land Committee, Brazil)

CPUC *California Public Utility Commission*

State agency responsible for the regulation of privately-owned water companies.

CSOs *Civil Society Organisations*

CSR *Corporate Social Responsibility*

CUC *Communauté Urbaine de Cherbourg*

(Cherbourg Urban Community) Covers five towns in the La Manche department, France.

CUPE *Canadian Union of Public Employees*

CUT *Central Única dos Trabalhadores*

Main workers' union in Brazil; formed in 1983; along with the Workers' Party and the Landless Workers' Movement, one of the key organisations to challenge the military dictatorship of 1964–1985. Today it is the largest and most important labour federation in Brazil, although it continues to face obstacles because of corporatist laws that curb workers' rights to organise. CUT is part of the ITUC. It generally supports the democratic-socialist political ideology and is close to the Workers' Party (PT). In 2004, dissidents opposed to the government of President Lula da Silva formed the *Coordenação Nacional de Lutas*, (CONLUTAS), "National Coordination of Struggles", which represents between 30-40 per cent of the CUT leadership. It is closer to the United Socialist Workers' Party (PSTU) and the Socialism and Freedom Party (P-SOL) than the PT.

DED *Deutscher Entwicklungsdienst*

(German Development Aid Agency) One of the largest European foreign development aid agencies; cooperates with the GTZ, i.e. German Association for Technical Cooperation and with InWent, i.e. International Education and Development Ltd. and is thus involved in the realisation of German interests abroad; privatisation agenda.

DEG *Deutsche Investitions- und Entwicklungsgesellschaft*

(German Investment and Development Association) Limited company, founded in 1962 as a subsidiary of the KfW Banking Group; concentrates on the implementation, structuring and financing of private-enterprise interests in developing and developed countries; privatisation agenda.

DG *Direction Générale*

(European Commission Head Office)

DIHK *Deutscher Industrie und Handelskammertag*

(German Trade and Industry Assembly) Synonymous with DIHT; the leading organisation of all 82 chambers of trade and commerce in Germany.

DIHT *Deutscher Industrie- und Handelstag*

Synonymous with DIHK.

DINASA

(National Direction for Water and Wastewater Services) Created by the government of Uruguay in 2005 to implement the new water policy; brings together all government ministries with water-related competence. Civil society organisations participate through the Technical Advising Commission on Water and Sanitation (COASAS). At present, four working groups are active: water resources, drinking and wastewater services, legal work and public participation.

DSB *Dispute Settlement Body*

Part of the WTO.

DStGB *Deutscher Städte- und Gemeindebund*

(Association of German towns and local communities)

DU *Depleted Uranium*

This is used to manufacture radioactive uranium munitions, which are employed in present-day wars and which will contaminate the environment, the biosphere and our water for millennia to come.

EBRD *European Bank for Reconstruction and Development*

EC *European Community*

ECA *European Court of Auditors*

ECA *Export credit agencies*

ECB *European Central Bank*

One of the world's most important central banks, responsible for monetary policy covering the member states of the Euro-zone; established by the EU in 1998; headquarters in Frankfurt am Main, Germany.

ECJ *European Court of Justice*

Established in 1952 and based in Luxembourg; highest court in the European Union in matters of EU law; interprets EU law and ensures that it is applied consistently throughout all EU member states.

ECOSOC *Economic and Social Council of the UN***EDF *Electricité de France***

Giant transnational energy company; world's largest operator of nuclear power stations; holds 45 % of shares in the German EnBW.

EDM *Electricité de Mali*

Following Mali's independence from France in 1960, EDM was created to provide energy and water to urban areas. Initially, the multi-service water provider (collection, treatment, storage and distribution of drinking water) was a semi-public company, with 97.2% of its shares belonging to the state. In 2000, EDM was privatised through a 20-year public-private management contract, after strong pressure from the IMF and WB. Ownership of the new company, renamed EDM S.A., was split as follows: 40% to the State of Mali, 39% to the French company *Saur International* and 21% to IPS WA, the *Aga Khan Fund*, philanthropic enterprise of the Malian prince.

EEA *European Environmental Agency***EEB *European Environmental Bureau*****EEC *European Economic Community*****EEP *European People's Party***

Part of the European Parliament.

EESC *European Economic and Social Committee***EF *Eau et Force***

Subsidiary of the French giant Suez.

EFTA *European Free Trade Association*

Founded in 1960; today comprises only Iceland, Norway, Switzerland and Liechtenstein.

EG *Europäische Gemeinschaft* (European Community)**EIA *Environmental Impact Assessment***

Evaluation of the possible impact – positive or negative – that a proposed project may have on the *environment*.

EIB *European Investment Bank***EnBW *Energie Baden-Württemberg AG***

Founded in 1997; international energy giant, with headquarters in Karlsruhe, Germany; operates electricity, water and gas supply networks with a strategy of aggressive expansionism; at present, the two principal shareholders are EDF and OEW, each with a 45% share.

ENC *European "No" Campaign*

Campaign against the Lisbon Treaty.

ENDESA *Empresa Nacional de Electricidad S.A.*

Spanish energy corporation.

ENEL *Ente Nazionale per l'Energia e Lettrica*

Italian energy provider; third-largest in Europe; formerly a state-owned monopoly, but now partially privatised; shareholders are: the Italian Ministry of Economy and Finance and the state-run bank Cassa Depositi e Prestiti.

ENOHSa *Ente Nacional de Obras Hídricas de Saneamiento*

Official Argentine National Body for Water Works and Sanitation) Organises, administrates and executes infrastructure programmes deriving from the national policies of the Sector of Drinking Water and Basic Sanitation.

ENRESS *Ente Regulator de Servicios Sanitarios*

Provincial budgetary and regulatory controller in Argentina; signed an unbalanced contract with the private sector operator; allowed repeated non-compliance and constant contract renegotiation during the 10 years of the concession.

ENPW *European Network for Public Water***E.ON**

One of the four largest German energy giants; strong privatisation agenda.

EP *European Parliament***EPAs** *Economic Partnership Agreements*

(EPAs are a scheme to create a *free trade area* between the *EU* and the *ACP countries*. They are a response to continuing criticism that the non-reciprocal and discriminating *preferential trade agreements* offered by the EU are incompatible with *WTO* rules. EPAs force through free trade and privatisation and are a key element of the *Cotonou Agreement*, the latest agreement in the history of *ACP-EU Development Cooperation*.)

EPA *Europäisches Patentamt*

(European Patent Office in Munich, Germany)

EPA *Environmental Protection Agency* (USA)**EPC** *European Patent Convention***EPCI** *Etablissement Public de Coopération Intercommunale*

Public association of municipalities, France.

EPO *European Patent Office* (Munich, Germany)**EPSAS** *Empresa Pública Social de Agua y Saneamiento*

Publicly-owned water utility, serving La Paz and the neighbouring city of El Alto in Bolivia; successor to the private conglomerate AISA, Aguas del Illimani S.A., a subsidiary of Suez, France.

EPÜ *Europäisches Patent-Übereinkommen* (European Patent Convention)**EPWN** *European Public Water Network*

European network of water activists.

ERT *European Round Table of Industrialists*

Leading lobby organisation of European stock corporations; strong privatisation agenda.

ESDP *European Safety and Defence Policy***ESF** *European Services Forum*

European lobby organisation of the services industry; strong neoliberal tendencies.

ESF *European Social Forum*

Regular event organised by European critics of globalisation.

EU *European Union*

EU Constitution

Treaty establishing a constitution for Europe (abbr.TCE.), also known as the Lisbon Treaty; was meant to come into effect on November 1, 2006, but has not yet done so, due to non-ratification by France, the Netherlands and Ireland via national referenda; however, those in power have chosen to ignore the express will of these member states and the treaty is now on its way towards ratification.

EuGH *Europäischer Gerichtshof*

(European Court of Justice) (see: ECJ)

EvB *Erklärung von Bern*

(Berne Declaration) NGO. (see: BD)

EZ *Entwicklungszusammenarbeit*

German term for "Development Cooperation".

EZB *Europäische Zentralbank*

(European Central Bank)

FAME *Foro Alternativo Mundial del Agua* (Alternative Water Forum)

FAO *Food and Agriculture Organisation of the United Nations*

FDC *Freedom from Debt Coalition*

Coalition of Philippine activists fighting for economic justice and opposed to the privatisation of essential services.

FDCI *Forschungs- und Dokumentationszentrum Chile-Lateinamerika*

(Centre for Research and Documentation, Chile-Latin America)

FDP *Freie Demokratische Partei*

(Free Democratic Party) Liberal political party in Germany; strong neoliberal privatisation tendencies.

FED *Federal Reserve System*

U.S. *central banking* system; also known as the Federal Reserve or informally as the "Fed".

FEJUVE *El Alto Federación de Juntas Vecinales*

Neighbourhood committees in El Alto, Bolivia, actively involved in the organisation of protests against the large water companies like the French giant Suez. The mass demonstrations and general blockade organised by FEJUVE in January 2005 forced through the Supreme Decree 27973, which initiated the termination of AISA's (Suez) contract. Through its decentralised and participative structure, FEJUVE was able to mobilise and organise the population.

FENTAP *Federación de Agua Potable del Peru*

(Federation of Potable Water and Sanitation Workers of Peru)

FERA *Foreign Exchange Regulation Act*

FES *Friedrich-Ebert-Stiftung*

(Friedrich Ebert Foundation) Political foundation of the German Social Democrat Party; set up with the aim of – indirectly – pushing through party-political interests and exerting influence on NGOs and civil society.

FESMA *Fundación de Estudios Sanitaristas y Medio Ambiente*

(Foundation for Environmental and Sanitation Studies, Argentina)

FOFOE *Federación de Funcionarios de Obras Sanitarias del Estado*

(Federation of Workers of the State Water Company, Uruguay) Part of CNDAV.

FLOW *Friends of Locally Owned Water*

Organised in October 2002 to combat what it saw as RWE's wanton abuse of rate increases; grew out of a series of meetings held by Felton/USA residents to discuss the fate of the community's water system.

FM *Facility Management***FNS** *Friedrich-Naumann-Stiftung*

(Friedrich Naumann Foundation) Foundation for Liberal politics, related to the FDP, the German Free Democratic Party; set up with the aim of being able to realise party-political interests indirectly.

FoEE *Friends of the Earth Europe*

NGO; environmental network.

FoEI *Friends of the Earth International*

World's largest network of environmental associations; active via national groups, with around 15 million members and supporters representing 68 nations; plays an important role within the social movements.

FoIA *Freedom of Information Act*

Many countries have their own FoIA Act.

FPD *Financial and Private Sector Development* (World Bank)**FRS** *Federal Reserve System***FTA** *Free Trade Area***FTAA** *Free Trade Area of the Americas*

(Área de Libre Comercio de las Américas [ALCA] Spanish; Zone de libre-échange des Amériques [ZLÉA] French; Área de Livre Comércio das Américas [ALCA] Portuguese) Proposed agreement to eliminate or reduce trade barriers among all countries in the Americas with the exception of Cuba.

FTAs *Bilateral Free Trade Agreements***G8** Group of the 8 most "successful" industrial nations:

USA, Japan, Germany, France, Britain, Italy, Canada and Russia.

GAP *Güneydogu Anadolu Projesi*

(South-East Anatolia Project) Large dam-building project in Eastern Turkey, including the Ilisu Dam at the centre of current disputes.

GATS *General Agreement on Trade in Services*

Multilateral international agreement of the WTO, which came into force in 1995, with the aim, among other things, of liberalising and privatising water supplies.

GATT *General Agreement on Tariffs and Trade*

Came into effect in 1948; predecessor to GATS and the WTO; privatisation agenda.

GDF *Gas de France* (see: SUEZ)**GDI** *Gross Domestic Income***GDP** *Gross Domestic Product***GEO** *Genetically-Engineered Organism* (see: GMO)**Gfbv** *Gesellschaft für bedrohte Völker*

(German Society for the Protection of Endangered Peoples)

GFP *German Foreign Policy*

Important alternative Internet magazine.

GG *Grundgesetz der Bundesrepublik Deutschland*

(German Constitution) Came into effect in 1949.

GMO *Genetically-Modified Organism* (or GEO)

Organism whose genetic material has been altered using genetic engineering techniques. These techniques, generally known as recombinant DNA technology, take DNA molecules from different sources and then combine them into one molecule to create a whole new set of genes. This DNA is then transferred into an organism, giving it modified or novel genes. Transgenic organisms, a subset of GMOs, are organisms which have had DNA from a different species inserted into them.

GNP *Gross National Product*

GO *Gemeindeordnung*

(German municipal code; bylaws)

GRDr *Gemeinderatsdrucksache*

(German municipal council letter)

GRS *Gesellschaft für Anlagen- und Reaktorsicherheit mbH*

(Association for Nuclear Installation Safety) Limited company, Cologne.

GFS *Deutsches Forschungszentrum für Umwelt und Gesundheit*

(German Research Centre for the Environment and Health) Formerly called the "Association for Radiation Research", but now known as the "Helmholtz Society"; private-law company responsible, among other things, for nuclear waste disposal. (see: Asse II)

GSP *Generalised System of Preferences*

GTO *German Toilet Organisation*

GTW *Global Trade Watch*

Promotes democracy by challenging corporate globalisation; activities hosted by the extremely committed U.S. NGO Public Citizen.

GTZ *Deutsche Gesellschaft für Technische Zusammenarbeit GmbH*

(German Association for Technical Cooperation) Executive organisation of the Federal Ministry for Economic Cooperation and Development, BMZ; involved in development aid programmes, the promotion of free trade, privatisation and in pushing German business interests worldwide.

GTZ IS *International Services*

Private subsidiary of the GTZ; financially autonomous and can accept contracts from third parties.

GVO *Genetisch veränderte Organismen*

(Genetically-Modified Organisms; GEO, GMO)

GWP *Global Water Partnership*

International forum on water-related issues, founded in 1996; neoliberal tendencies; forces through the privatisation of water resources, the liberalisation of infrastructure, PPP projects and the dismantling of trade restrictions.

HBS *Heinrich-Böll-Stiftung*

(The Heinrich Böll Foundation) Affiliated with the German Green Party; has its headquarters in Berlin, Germany. It was set up in order to – indirectly – achieve party-political goals and exert influence on NGOs and civil society.

HDI *Human Development Index*

HIPC *Heavily Indebted Poor Countries*

HPI *Human Poverty Index*

IADB *Inter-American Development Bank* (see: IDB)

IAEA *International Atomic Energy Agency*

Technological-scientific organisation, linked to the UN; intended to promote international

cooperation and the “peaceful” use of atomic energy and to prevent the use of radioactive substances as well as the military use of this technology.

IAEO *Internationale Atomenergie-Organisation*

(International Atomic Energy Organisation)

IATP *Institute for Agriculture and Trade Policy*

IBRD *International Bank for Reconstruction and Development*

Part of the World Bank Group. (see: WB)

ICC *International Chamber of Commerce*

7,500 members, including companies, associations and law firms from 130 countries; has its own court of arbitration; strong neoliberal tendencies.

ICC *International Criminal Court*

Related to the UN; began operating in 2002 through international discussions initiated by the General Assembly; the first permanent international court charged with trying those who commit the most serious crimes under international law, including war crimes and genocide.

ICID *International Commission on Irrigation and Drainage*

ICJ *International Court of Justice*

Located in *The Hague, Netherlands*; primary judicial organ of the United Nations; established in 1945 by the United Nations Charter. The Court began work in 1946 as the successor to the *Permanent Court of International Justice*. The Statute of the International Court of Justice, similar to that of its predecessor, is the main constitutional document constituting and regulating the Court. The ICJ’s purpose is to adjudicate disputes among states. The court has heard cases related to war crimes, illegal state interference and ethnic cleansing, among others, and continues to hear cases.

ICSID *International Centre for Settlement of Investment Disputes*

Part of the World Bank Group.

IDA *Interessengemeinschaft Dezentrale Abwasserbehandlung in Deutschland*

Community of interests with the aim of decentralising wastewater treatment in Germany.

IDA *International Development Association*

Grants loans in connection with World Bank programmes and strategies; part of the World Bank Group.

IDB *Inter-American Development Bank* (see: IADB)

IDU *International Democratic Union*

Right-of-centre, international grouping of Conservative, Christian Democratic and Liberal-Conservative political parties; neoliberal tendencies; privatisation agenda.

IFC *International Finance Corporation*

Financially involved in several projects of the World Bank Group.

IFG *International Forum on Globalisation*

International anti-globalisation network; members are activists, authors, scientists and 60 NGOs from 25 countries; plays an important role in the development of alternative solutions.

IFG *Informationsfreiheitsgesetz*

(German Freedom of Information Act)

IFM *Integrated Flood Management*

IFSL *International Financial Services London*

IGBP *International Geosphere-Biosphere Programme*

IHK *Industrie- und Handelskammer* (German Chamber of Commerce)

IHP *International Hydrological Programme*

ILAS *Institute of Latin American Studies*

ILO *International Labour Organisation*

IRC *India Resource Centre*

IRS *Internal Revenue Service*

Highest U.S. financial authority.

ISAF *International Security Assistance Force*

International military force in *Afghanistan*.

IMF *International Monetary Fund*

Strong neoliberal tendencies; privatisation agenda.

InWENT *Internationale Weiterbildung und Entwicklung GmbH*

Formerly the German Foundation for International Development (DSE) and the Carl Duisberg Association (CDG); cooperates with the political and economic sectors; front-line organisation with privatisation agenda.

IPO *Initial Public Offering*

When a company issues common stock or shares to the public for the first time, this is referred to as an IPO, or simply "offering" or "flotation". IPOs are often issued by smaller, newer companies seeking capital to expand, but can also be issued by large privately-owned companies/TNCs seeking to become publicly traded.

IPR *Intellectual Property Rights*

IRENA *International Renewable Energy Agency*

IRN *International Rivers Network*

Network opposing the construction of large dams and river-linking projects.

ISO *International Organisation of Standardisation*

ITO *International Trade Organisation*

Plans for its foundation after the Second World War fell through because of differences between the nations involved.

ITUC *International Trade Union Confederation*

World's largest trade union federation; formed in 2006 out of the merger of the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL); represents 166 million workers within 156 countries and territories via its 309 affiliated organisations.

IUCN *International Union for the Conservation of Nature*

IWF *Internationaler Währungsfond*

(International Monetary Fund, IMF)

JWSRB *Jakarta Water Supply Regulatory Body* (Indonesia)

KAS *Konrad-Adenauer-Stiftung* (Konrad Adenauer Foundation)

Set up by the German Christian Democrat Union in order to – indirectly – achieve its own party-political goals.

KEPD *Kinetic Energy Penetrator and Destroyer*

Warhead installed into modern cruise missiles, also those armed with depleted uranium. (see: TAURUS)

KfW *Kreditanstalt für Wiederaufbau*

(German Reconstruction Loan Corporation) Group of banks; sponsoring bank, public-law institution; involved in privatisation projects.

KKR *Kohlberg Kravis Roberts & Co* U.S. investment fund;

bought the "Green Symbol – Dual System Germany" in a hostile takeover; one of the "locusts".

LDC *Less Developed Country*

Another name for "developing country".

LDCs *Least Developed Countries*

The 50 poorest countries in the world.

LiLo *Lease in/Lease out*

Term used in the USA for a certain type of CBL deal.

LLDC *Landlocked Developing Countries*

Developing nations without access to the sea.

LWV *Landeswasserversorgung*

Communal special-purpose association in the state of Baden-Württemberg, Germany; supplies many towns there with water.

MAB *Movement of Dam-Affected People* (Brazil)

MACOBAP *Makulubita Community-Based Poverty*

Alleviation Project (Uganda)

MAI *Multilateral Agreement on Investment*

Neoliberally-orientated international investment treaty; floundered in 1999 due to opposition by civil society.

MAS *Movimiento al Socialismo*

Socialist movement in Bolivia, supported by President Evo Morales.

MC *Ministerial Conference*

MD *Mehr Demokratie e.V.*

(More Democracy) Citizens' action group in Germany; in favour of direct democracy and holding national and local referenda.

MDAP *Movement of Dam-Affected People*

MDGs *Millennium Development Goals*

UN campaign to fight poverty; introducing privatisation measures amongst others.

MEIF *Macquarie European Infrastructure Fund*

Australian investment giant.

MERCOSUR *Mercado Común del Sur*

(Common Market of the South) Latin American home market, involving more than 260 million people; founded in 1991.

MIG *Macquarie Infrastructure Group*

Subsidiary of the Australian Macquarie Bank; strong privatisation agenda.

MIGA *Multilateral Investment Guarantee Agency*

Part of the World Bank Group; sponsors direct foreign investments in developing countries.

MIP *Movimiento Indígena Pachakuti*

(The Indigenous Pachakuti Movement) Left-wing Bolivian political party.

MNC *Multi-National Corporation* Suez, Veolia, RWE and others.

MPA *Movement of Small Farmers* (Brazil)

MSR *Multistakeholder Review*

Study intended to evaluate experiences with water privatisation at international level; initiated by various stakeholders such as BMZ, GTZ, RWE and others; strong, but hidden, privatisation agenda.

MST *Movimento dos Trabalhadores Rurais sem Terra*

(Brazilian Movement of Landless People) One of the largest NGOs worldwide; fights for the use of fallow ground.

MTBE *methyl tertiary-butyl ether*

Fuel additive; substitute for lead additives; increases the anti-knock quality of the fuel, i.e. improves the petrol's octane rating; highly soluble in water; causes severe ground water contamination.

MWB *Municipal Water Board***MWC *Manila Water Company***

Supplies water to the Western part of Manila.

MWSD *Montara Water & Sanitation District*

Municipal successor organisation to Cal-Am's private water-delivery service; a municipal water board, which includes Montara citizens; oversees water services for the district. Montara's water supply system is shared with neighbouring Moss Beach, a total combined population of 5,000.

MWSI *Maynilad Water Services Inc.*

Supplies water to the Western part of Manila.

MWSS *Metropolitan Waterworks and Sewerage Systems*

Regulatory authorities for the water supply in Manila, Philippines.

NABU *Naturschutzbund Deutschland e.V.*

Large umbrella organisation for German nature-protection groups.

**NABARD *National Bank of Agriculture and Rural Development*
(India)****NAFTA *North American Free Trade Agreement***

Signed between the USA, Canada and Mexico in 1994.

NAM *Non-Aligned Movement*

Founded in 1955, in Bandung, Indonesia by many heads of state; very important initiative against war and the use of atomic weapons; floundered due to opposition from the superpowers.

NAP *Networking Against Privatisation***NATO *North Atlantic Treaty Organisation***

Military alliance of European and North American states, founded in 1949.

NBA *Narmada Bachao Andolan*

Citizens' movement opposing the construction of large dams in India.

NEA *Nuclear Energy Agency***NGO *Non-Governmental Organisation*****NOAA *National Oceanic and Atmospheric Administration***

Scientific agency within the *U.S. Department of Commerce*, focused on the conditions of the *oceans* and the *atmosphere*.

NREA *New and Renewable Energy Authority* (Cairo, Egypt)**NRO *Nicht-RegierungsOrganisation* (NGO)****OAS *Organisation of American States***

The OAS or, as it is known in the three other languages, OEA, is an international organisation,

founded in 1948, with headquarters in Washington, D.C., USA. Its members are the thirty-five independent states of the Americas, with two countries suspended: Honduras – because of the recent overthrow of the president of the country, Manuel Zelaya – and Cuba, until recently. The OAS is one of three agencies currently engaged in drafting a treaty that will establish a hemispheric free trade area from Alaska to Tierra del Fuego. (see: FTAA, ALBA, ALCA)

OCA *Organic Consumer Association*

ODA *Official Development Assistance*

ODA *Overseas Development Assistance*

OEA *Organización de los Estados Americanos*

(Organisation of American States)

OEA *Organização dos Estados Americanos*

(Organisation of American States)

OEA *Organisation des États Américains*

(Organisation of American States)

OECD *Organisation for Economic Cooperation and Development*

Successor to the OEEC, Organisation for European Economic Cooperation; founded in 1960; currently has 30 members, including the important western industrialised nations and all EU and NAFTA countries.

Ofwat *Office of Water Services*

Water services regulation authority, responsible for the economic regulation of the privatised water and sewerage industry in *England* and *Wales*; primarily responsible for setting limits on the prices charged for water and sewerage services. The name "Office of Water Services" is no longer in use, as it had no legal basis. The name "Ofwat" still applies.

OHCHR *Office of the High Commissioner for Human Rights*

UN institution.

OLADE *Organización Latinoamericana de Energía*

(Latin American Energy Organisation)

ONG *Organización no gubernamental* (NGO)

ONIC *Organización Nacional Indígena de Colombia*

(National Indigenous Organisation of Colombia)

OP *Orçamento Participativo*

Participatory budget; direct decision-making by the citizens on communal issues and the public budget; developed in Porto Alegre, Brazil; significant first step towards genuine democracy in future.

OPEC *Organisation of Petroleum Exporting Countries*

Founded in Iraq in 1960; possesses around three quarters of oil reserves worldwide.

ÖPP *Öffentlich-Private Partnerschaften*

(Public-Private Partnerships, PPP)

OSCE *Organisation for Security and Cooperation in Europe*

OSZE *Organisation für Sicherheit und Zusammenarbeit in Europa*

O.S.E *Obras Sanitarias del Estado*

This is the Uruguayan state authority responsible for providing water and sanitation. Historically, it was the national public body which provided drinking and wastewater services for the whole country, with the exception of the capital city, Montevideo. From 1993 onwards, these services were progressively privatised, starting in wealthy Maldonado County, where a 25-year contract

covering the area to the east of the Maldonado River was awarded to Aguas de la Costa S.A. Water services for the remaining parts of the county were contracted out in 2000, under a 30-year contract with URAGUA. (see also: CNDAV)

OTAN *Organisation du Traité de l'Atlantique Nord* (NATO)

OWINFS *Our World Is Not For Sale* Powerful international network opposing the WTO, World Bank, IMF, free trade and privatisation agreements.

P3 *Public-Private Partnership* (PPP)

PADEP *Programa de Apoyo a la Gestión Pública Descentralizada y Lucha contra la Pobreza*

Aid programme for decentralised public management in Bolivia, supported by the GTZ, among others; practically disregards Bolivia's sovereignty, helping to split up the country in favour of big landowners and corporate interests.

PAHs *polycyclic aromatic hydrocarbons*

Organic compounds which are potentially carcinogenic and can cause serious water pollution, such as: naphthalene, anthracene, benzopyrene, acenaphthalene, acenaphthene, fluorene, phenanthrene, fluoranthene, pyrene, benzanthracene, coronene, ovalene, tetracene, pentacene, chrysene and others. Sixteen of these compounds have been designated priority pollutants by the U.S. EPA.

PAHO *Pan-American Health Organisation*

PAK *Polycyclische aromatische Kohlenwasserstoffe* (see: PAH)

PCDF *People-Centred Development Forum*

PFOS *perfluorooctane sulphonate*

Chemical substance that persists in the environment and bio-accumulates through the food web; toxic for mammals. In 2002, German companies were compelled to halt their production. At the Stockholm Convention in May 2009, the 4th Conference of Parties decided to include PFOS in Annex B of restricted substances.

PGA *Peoples' Global Action*

Global network of movements opposing the WTO and "free trade"; coordinates worldwide resistance to the global market.

PGR *Poverty Gap Ratio*

PLT *Patent Law Treaty*

PPP *Public-Private Partnership* Strategy for the partial privatisation of public services.

PROAPAC *Programa de Agua Potable y Alcantarillado Sanitario en Pequeñas y Medianas Ciudades*

Cooperation programme for water and sanitation services in small and medium-sized cities in Bolivia.

PRS *Poverty Reduction Strategy*

PSC *Private Sector Comparator*

PSD *Private Sector Development*

Privatisation strategy of the World Bank Group.

PSIRU *Public Services International Research Unit*

Researches the privatisation and restructuring of public services around the world, with special emphasis on water, energy and waste management.

PSP *Private Sector Participation*

General privatisation strategy.

PSTU *United Socialist Workers' Party* (Brazil)

PUC *Public Utilities Commission of California*

This state commission is responsible for regulating privately-owned water companies, as well as other service sectors, to ensure access to those services for consumers and to promote the health of California's economy. In December 2002, following strong lobbying from Montara's citizens, the PUC ruled that the stock company RWE could not complete the purchase of Cal-Am unless it sold Montara's water supply system to the community.

PUMC *Philip Utilities Management Corporation*

Private water corporation based in the USA with a strong neoliberal approach. In December 1994, the regional municipality of Hamilton-Wentworth signed a 10-year contract with the then one-year-old company PUMC. The deal was the largest public-private partnership (PPP) agreement of its kind in North America. The Canadian Union of Public Employees (CUPE) commissioned an *economic analysis* of the privatisation deal, which revealed many problems.

PWF *People's Water Forum*

Global movement to protect the world's water.

PWWF *People's World Water Forum* (see: PWF)

Quad/Quadrilaterals

Name given to the four largest economic powers: EU, Japan, Canada and the USA; they hold a dominant position within the WTO.

RFSTE *Research Foundation for Science, Technology and Ecology*

Highly dedicated Indian NGO, fighting against the depredation of natural resources; founded by Vandana Shiva. (see: Navdanya)

RLS *Rosa-Luxemburg-Stiftung*

German research foundation associated with the Left Party (Die Linke); set up in order to push through party-political interests – indirectly.

RSK *Reaktorsicherheitskommission*

(German Commission for Nuclear Reactor Safety)

RWE *Rheinisch-Westfälische Elektrizitätswerke AG*

RWE AG is an energy giant, based in Essen, Germany; via its various subsidiaries, the company delivers water, electricity and gas to more than 30 million customers, mainly in Europe. RWE bought and then sold off Thames Water UK. It also acquired the U.S. water supplier American Water and is at present trying to sell the shares to the highest bidder.

S2B *Seattle to Brussels*

Important pan-European network opposed to the power of the TNCs/MNCs and the liberalisation of trade; cooperates with civil society movements in the South and with the OWINFs network.

SAGEP *Société anonyme de gestion des eaux de Paris*

French company, dealing with the delivery, collection and treatment of water; renamed Eau de Paris in 2005.

SAJU *Serviço de Apoio Jurídico* (Juridical Support Service, Brazil)

SAM *Sociedad Anónima Mixta* (Public-private limited company)

SAMAPA *Servicio Autonomo Municipal de Agua Potable y Alcantarillado*

Originally, SAMAPA was a municipal company, responsible for supplying water to the Bolivian capital, La Paz and its adjoining, predominantly poor twin city El Alto. It was then privatised

by the Bolivian government in the course of public-sector reforms. In July 1997, a concession contract was concluded with the AISA Group (Aguas del Illimani S.A.), in which the French water giant Suez holds 54% of shares. A 30-year concession granted AISA the right to use specified water sources and to run the conurbation's drinking-water supply and sewage disposal systems. Only eight years later, the Bolivian government instructed its regulatory body, SISAB, to take steps to terminate the concession and all business links with AISA (Supreme Decree No. 27973 of 11.01.2005). Carlos Mesa, president at the time, was reacting to week-long popular protest in El Alto. Under the leadership of Abel Mamani, the Federation of Neighbourhood Councils from El Alto (FEJUVE El Alto) was the driving force of the opposition movement. Private-sector participation had encountered resistance in La Paz and El Alto from the very start. The first rallies against tariff increases took place as early as 1997. In 2000, protests intensified due to the impressions left behind by the "water wars" that took place in Cochabamba when citizens rebelled against the privatisation of the public water utility and higher service fees. In February 2003, the conflict escalated in El Alto and La Paz. Demonstrators set fire to AISA offices. Unrest in October of the same year revolved mainly around the export of natural gas, but it was also accompanied by protests against AISA. In December 2004, FEJUVE presented the government with an ultimatum, in an attempt to have the concession terminated. Negotiations failed and, in January 2005, the grassroots movement called a general strike. In view of the impending escalation, the government of Carlos Mesa decided to rescind the contract with AISA.

SAP *Structural Adjustment Programmes*

Initiated by the World Bank and IMF, whereby loans granted to developing countries are linked to preconditions such as the privatisation of national resources and infrastructure.

SAP *Section de l'assainissement de Paris*

Publicly-run French company, collecting wastewater.

SC *Service Contract*

Term used in the USA for a certain kind of CBL deal.

SECO *Secrétariat d'Etat à l'économie*

(National Office for Economic Affairs) Swiss "Competence Centre" which deals with all core issues of economic policy; its goal is to open up all markets for Swiss goods, services and investments; similar to the German GTZ and likewise involved in development aid policy.

SEDIF *Syndicat des eaux d'Ile-de-France*

Name given to the two French water giants Suez and Veolia. Both have come under attack from local councillors, citizens and the law. Although they present themselves as "the biggest public-service water distribution in France", the label "public-service" disguises a very different sort of organisation and misuses the term "public".

SEERC *Société des Equipements et d'Entretien des Réseaux Communaux*

Subsidiary of the French giant Suez.

SEG *Société des Eaux de Grenoble*

This public-private company was founded in 1996. The City of Grenoble held 51% of shares, while the remaining 49% were owned by the water giant Suez. Despite its minority holding, the private group had extensive veto rights in all important decisions. Operations were outsourced to the Société Grenobloise de l'Eau et de l'Assainissement (SGEA), another 100% subsidiary of Suez. (see: COGESE)

SEMAPA *Servicio Municipal de Agua Potable y Alcantarillado*

Public water and sewerage utility for the city of Cochabamba in Bolivia's Cochabamba department. In September 1999, SEMAPA was privatised and sold to Aguas del Tunari, a subsidiary of the U.S. multinational Bechtel, following pressure from the World Bank and an obscure tendering process. Between January and April 2000, a series of protests, also known as the "Cochabamba Water Wars", took place in *Bolivia's* third-largest city because of the *privatisation* of the municipal *water supply* and higher tariffs.

SGEA *Société Grenobloise de l'Eau et de l'Assainissement*

Subsidiary of the French water giant Suez.

SIAAP *Syndicat interdépartemental pour l'assainissement de l'agglomération parisienne*

Publicly-owned French company, dealing with transport and wastewater management.

SiLo *Sale in/Lease out*

Term used in the USA for a certain type of CBL deal.

SISAB *Superintendencia de Saneamiento Básico*

(Basic Services and Water Regulatory Authority in La Paz, Bolivia) In 1997, SISAB signed a 30-year contract with AISA, Aguas del Illimani, S.A., a subsidiary of the French giant Suez, to extend drinking and wastewater services in the cities of La Paz and El Alto.

SIVOM *Syndicat Intercommunal à Vocation Multiple*

Association of 21 French municipalities in the Durance Luberon area.

SLVWD *San Lorenzo Valley Water District*

Public company, established in 1941; supplies water to the communities of Boulder Creek, Brookdale, Ben Lomond, Zayante and Scotts Valley, in California, USA.

SODIS *Solar Water Disinfection*

Method of *d*isinfected water using only *s*unlight and plastic PET bottles.

SOSBA *Sindicato Obras Sanitarias de la Provincia de Buenos Aires*

(Water Workers' Union of Buenos Aires Province, Argentina) Tried unsuccessfully to prevent the privatisation of drinking and wastewater services in the 1990s. Soon after the contract with the private water company Azurix had come into effect, unrest arose within the union. SOSBA organised workers to resist and promote alternatives to corporate management and actively cooperated with consumer organisations, especially in those areas most affected by Azurix' mismanagement. In February 2002, SOSBA created the public water and wastewater services "5 de Septiembre", to manage the operations.

SPD *Sozialdemokratische Partei Deutschlands*

(German Social Democrat Party) Neoliberal orientation; pushes the privatisation of resources and public assets.

SRU *Sachverständigenrat für Umweltfragen*

Expert panel on environmental issues; advisory board of the German government.

SSlps *small scale infrastructure providers***StGB** *Strafgesetzbuch der Bundesrepublik Deutschland*

(Criminal Code of the Federal Republic of Germany)

SUEZ *GDF Suez S.A.*

French energy and water giant, founded in 1858, with headquarters in Paris; merged with Gaz de France, therefore now known as GDF Suez S.A.; fields of activity: water and wastewater management, energy, water treatment, electricity, natural gas, waste management.

SWAMP *Sustainable Water Area Management Programme*

TABD *Trans-Atlantic Business Dialogue*

Influential round table; coordinates the business interests of the USA and EU; strong neoliberal agenda.

TAURUS *Target Adaptive Unitary and Dispenser Robotic Ubiquity System* U.S. cruise missile with depleted-uranium warhead;

a "bunker buster; can also be conventionally armed.

TEC *Transatlantic Economic Council*

TEN *Transeuropäische Verkehrs-, Energie- und Telekommunikationsnetze*

(Transeuropean Transport, Energy and Telecommunications Network)

TI *Transparency International*

NGO, involved in fighting corruption worldwide.

TJM *Trade Justice Movement*

NGO; fast-growing group of organisations, including trade unions, aid agencies, environmental and human rights campaigns, fairtrade organisations, faith and consumer groups; supported by more than 80 member organisations; over nine million members worldwide; campaigns for trade justice, not "free" trade, with the rules weighted to benefit poor people and the environment.

TNC *Trans-National Corporation/Company*

TNI *Transnational Institute*

International network of activist-scholars committed to critical analyses of global problems; provides intellectual support to those movements endeavouring to steer the world in the direction of democracy, equity and sustainability.

TRIMs *Trade-Related Investment Measures*

Part of the WTO rules.

TRIPS *Trade-Related Aspects of Intellectual Property Rights*

Agreement governing rights such as international patents, copyright, trade marks etc.

TWN *Third World Network*

Promotes the fair distribution of resources, sustainability, the provision of essential public services and the defence of human rights; actively opposes MAI, GATS, TRIPS, WTO and other similar agreements and institutions; founded by Martin Khor, Malaysia.

TZ *Technische Zusammenarbeit*

German term for "Technical Cooperation".

UBA *Umweltbundesamt*

(German Federal Environmental Agency)

UN *United Nations*

(see: UN Organisations, Programmes, Funds, Special Agencies and Offices, page 335)

UNASUL *União de Nações Sul-Americanas*

(Union of South American Nations)

UNASUR *Unión de Naciones Suramericanas*

(Union of South American Nations)

UNDP *Uganda National Development Plan*

UNGA *United Nations General Assembly*

UNICE *Union of Industrialists and Employers' Confederation of Europe*

Renamed "BusinessEurope" in 2007; next to the ERT, one of the most influential lobby organisations in Europe; draws up draft laws etc.; strong privatisation agenda.

UNO *United Nations Organisation* (see: UN)

UNRIC *United Nations Regional Information Centre* Established in 2004.

URAGUA Spanish company, providing water and sanitation; subsidiary of the Spanish water company Aguas de Bilbao.

USCIB *U.S. Council for International Business*

Strong neoliberal agenda:

VKU *Verband kommunaler Unternehmen e.V. in Deutschland*
(German Association of General Public Services)

WB *World Bank* The World Bank Group comprises the five suborganisations
IBRD, ICSID, IDA, IFC and MIGAS.

WBCSD *World Business Council for Sustainable Development*
Strong neoliberal orientation.

WCD *World Commission on Dams*

Draws up regulations and makes recommendations concerning the construction of giant dams.

WCRP *World Climate Research Programme*

WDM *World Development Movement*

Important NGO in the field of developmental policy.

WEF *World Economic Forum*

Annual meeting of the political and business elite in Davos, Switzerland; private foundation; strong neoliberal orientation.

WFC *World Future Council*

NGO working for a sustainable future.

WHG *Wasserhaushaltsgesetz der Bundesrepublik Deutschland*
(German Federal Water Resources Act)

WHO *Welthandelsorganisation*

(World Trade Organisation, WTO)

WHO *World Health Organisation*

WIB *WasserInBürgerhand (Water in Public Hands)* Nationwide network in Germany, opposing water privatisation and in favour of remunicipalising water supplies.

WIDE *Women in Development Europe* NGO network.

WIPO *World Intellectual Property Organisation* UN subsidiary.

WMO *World Meteorological Organisation*

WPA *Wirtschaftspartnerschaftsabkommen*

Treaty being negotiated between the EU and the AKP states, as a substitute for the Cotonou Agreement, which expired in 2008.

WRSS *Water Resources Sector Strategy*

The World Bank published its Water Resources Management Policy Paper, endorsing the involvement of the private sector and the building of large dams.

WSF *World Social Forum*

Drafted as a countermovement to the WEF, the World Economic Forum.

WSSD *World Summit on Sustainable Development*

WTD *World Toilet Day*

WTO *World Trade Organisation*

WTO *World Tourism Organisation*

WWAP *World Water Assessment Programme*

WWC *World Water Council*

Think tank of the World Bank, UN and the multinational water corporations; focused on water privatisation.

WWDR *World Water Development Report*

WWF *World Water Forum*

International forum, with strong neoliberal orientation; takes place every three years; emphasis on water privatisation.

WWF *World Wide Fund for Nature*

Formerly called World Wildlife Fund; environmental protection organisation; active in more than 100 countries for the preservation of biodiversity.

WWF *Weltwirtschaftsforum*

(World Economic Forum, WEF)

WWG *Water Watch Groups*

YPBF *Yacimientos Petroliferos Fiscales Bolivianos*

National government authority overseeing Bolivian resources.

ZLEA *Zone de libre-échange des Amériques*

(Free Trade Area of the Americas, FTAA) Agreement proposed to eliminate or reduce trade barriers among all countries in the Americas, with the exception of Cuba. (see: FTAA and ALCA)

17.1 UN Organisations, Programmes, Funds, Special Agencies and Offices

Programmes and Funds

UNCTAD	United Nations Conference on Trade and Development
ITC	International Trade Centre (UNCTAD/WTO)
UNDCP	United Nations Drug Control Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund

Research and Training Institutes

UNICRI	United Nations Interregional Crime and Justice Research Institute
UNITAR	United Nations Institute for Training and Research

Further UN Bodies, Trusts or Funds

UNOPS	United Nations Office for Project Services
UNU	United Nations University
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UNV	United Nations Volunteers
UNCDF	United Nations Capital Development Fund
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
WFP	World Food Programme
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Middle East
UN-HABITAT	United Nations Human Settlements Programme
UNRISD	United Nations Research Institute for Social Development
UNIDIR	United Nations Institute for Disarmament Research

UN-INSTRAW	United Nations International Research and Training Institute for the Advancement of Women
UNSSC	United Nations System Staff College
UNAIDS	United Nations Programme on HIV/AIDS
UNDEF	United Nations Democracy Fund
UNFIP	United Nations Fund for International Partnerships
ECOSOC	Economic and Social Council (assists the General Assembly in promoting international economic and social cooperation and development)

Regional Economic Commissions

ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia

Related Organisations

WTO	World Trade Organisation
IAEA	International Atomic Energy Agency
CTBTO	(Preparatory Committee for the Nuclear-Test-Ban Treaty Organisation)
OPCW	Organisation for the Prohibition of Chemical Weapons

Specialised Agencies

ILO	International Labour Organisation
FAO	Food and Agriculture Organisation of the United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WHO	World Health Organisation
IBRD	International Bank for Reconstruction and Development (World Bank)
IDA	International Development Association (World Bank)
IFC	International Finance Corporation (World Bank)
MIGA	Multilateral Investment Guarantee Agency (World Bank)
ICSID	International Centre for Settlement of Investment Disputes (World Bank)

IMF	International Monetary Fund
ICAO	International Civil Aviation Organisation
IMO	International Maritime Organisation
ITU	International Telecommunication Union
UPU	Universal Postal Union
WMO	World Meteorological Organisation
WIPO	World Intellectual Property Organisation
IFAD	International Fund for Agricultural Development
UNIDO	United Nations Industrial Development Organisation
UNWTO	World Tourism Organisation

Departments and Offices

OSG	Office of the Secretary General
OIOS	Office of Internal Oversight Services
OLA	Office of Legal Affairs
DPA	Department of Political Affairs
UNODA	Office for Disarmament Affairs
DPKO	Department of Peacekeeping Operations
DFS	Department of Field Support
OCHA	Office for the Coordination of Humanitarian Affairs
DESA	Department of Economic and Social Affairs
DGACM	Department for General Assembly and Conference Management
DPI	Department of Public Information
DM	Department of Management
UN-OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OHCHR	Office of the United Nations High Commissioner for Human Rights
UNODC	United Nations Office on Drugs and Crime
DSS	Department of Safety and Security
UNOV	UN Office at Vienna
UNON	UN Office at Nairobi
UNOG	UN Office at Geneva

Criminal Courts

ICJ International Court of Justice

The International Court of Justice is the primary judicial organ of the United Nations. Established in 1945 by the United Nations Charter, the Court began work in 1946 as the successor to the Permanent Court of International Justice. The Statute of the International Court of Justice, similar to that of its predecessor, is the main constitutional document authorising and regulating the Court. The ICJ is based in the Peace Palace in The Hague, Netherlands, and shares the building with the Hague Academy of International Law, a private centre for the study of international law. Several of the Court's current judges are either alumni or former faculty members of the Academy. Its purpose is to adjudicate disputes among states. The court has heard cases related to war crimes, illegal state interference and ethnic cleansing, among others, and continues to hear cases.

ICC or ICtC International Criminal Court

The International Criminal Court was established as a permanent tribunal to prosecute individuals for genocide, crimes against humanity, war crimes and the crime of aggression, although it cannot currently exercise jurisdiction over the crime of aggression. It came into being on July 1, 2002, the day its founding treaty – the Rome Statute of the International Criminal Court – was signed, and only has the power to prosecute crimes committed on or after that date.

As of November 2008, the Court has 108 member states. Suriname and the Cook Islands joined as state parties on October 1, 2008. A further 40 countries have signed but not yet ratified the Rome Statute. A number of states, however, including China, India and the USA, are critical of the Court and have not yet joined.

Generally speaking, the Court may only exercise jurisdiction in cases where the accused is a national of a state party, the alleged crime took place on the territory of a state party, or when a situation is referred to the Court by the United Nations Security Council. The Court is designed to complement existing national judicial systems: it only has judicial power when national courts are unwilling or unable to investigate or prosecute such crimes. The responsibility to investigate and punish crimes, therefore, lies first and foremost in the hands of the individual states.

To date, the Court has opened investigations into four situations: Northern Uganda, the Democratic Republic of the Congo, the Central African Republic and Darfur. It has issued public arrest warrants for twelve people, six of whom remain free, two have died and four are in custody. The Court's first trial, that of Congolese militia leader Thomas Lubanga, was due to begin on June 23, 2008 but was halted on June 13 when judges ruled that the Prosecutor's refusal to disclose potentially exculpatory material had breached Lubanga's right to a fair trial.

The official seat of the Court is in The Hague, Netherlands, but its proceedings may take place anywhere. The ICC is sometimes referred to as a "world court"; it should

not be confused, however, with the International Court of Justice, also known as the World Court, which is the United Nations organisation that settles disputes between nations.

ICTR Criminal Tribunal for Rwanda

ICTY Criminal Tribunal for the Former Yugoslavia

1. UN prognosis of 2008; see www.un.org/esa
2. *ideas* 9, 2006; see <http://commerzbank.onvista.de>
3. Advertisement for the DWS Fund “*Future Resources*”; see <http://info.dws.de> and click on “DWS Fonds”
4. Thames Water was sold in December 2006; American Water was divested by RWE in April 2008 in an IPO on the stock market.
5. A continuation of the GAP Project (Güneydou Anadolu Projesi)
6. Further information can be found at the website of watch-indonesia, a registered association working towards democracy, human rights and environmental protection in Indonesia and East Timor:
<http://home.snafu.de/watchin>
7. The other stakeholders are: the Bolivia Investment Corporation (elite investors, with a 22 per-cent holding), Inversora en Servicios S.A. (9 per cent) and Connal S.A. (5 per cent).
8. Further demands were: the setting up of a constituent assembly with the aim of greater public participation in political decision-making, the renationalisation of the gas reserves, and the initiation of legal proceedings against the former president, Sánchez de Lozada, for ordering the military to shoot at unarmed demonstrators. The public protests were supported by various organisations.
9. see www.bmz.de under “Presse/Reden und Statements/Bundesministerin Heidemarie Wiecek-Zeul”
10. www.oeko-net.de/kommune/kommune06-03/awasseid.htm
11. The goal of the €12.78 million PROAPAC campaign promoted by the German Ministry for Economic Cooperation and Development is: “to assist companies involved in water resources management in smaller and medium-sized towns to be able to guarantee a perfectly hygienic and sustainable drinking water supply and wastewater disposal.” see www.proapac.org

12. Open letter of June 2004 to the International Community, condemning the German Association for Technical Cooperation (GTZ)
13. Supreme Law No. 26587
14. PADEP: Programa de Apoyo a la Gestión Pública Descentralizada y Lucha contra la Pobreza (programme of the German BMZ and the GTZ respectively; its aim is to “decentralise government and to combat poverty”; it supports plans to divide up Bolivia according to the interests of the big landowners); from an article entitled “*Balkanisierung in Südamerika*” (Balkanisation in South America) of July 8, 2007; see too: www.german-foreign-policy.com
15. See www.unser-aller-wasser.de
16. The local government code of April 8, 1976 for the state of Baden-Württemberg, §1 and §32.1
17. *ibidem*, §2 and §32, section 3
18. Werner Rügemer in the October 31, 2003 issue of the magazine *Freitag*; see www.freitag.de
19. GRDRs (council circular) 15/2002 of January 17, 2002 and the council’s resolution of February 7, 2002
20. A form of corruption which is not an offence – if e.g. payments to politicians have been legitimised by so-called consultancy contracts, or supervisory or advisory mandates
21. EnBW Regional AG: core company of EnBW, responsible for granting access to the company’s own grid network in Baden-Württemberg. It maintains contact with local authorities and manages company shares in the municipal works departments. EnBW Regional AG, subsidiary of EnBW, is the largest grid operator in Baden-Württemberg. Its core responsibilities include: management of access to the grid network, sale of services such as those relating to gas, electricity and water supplies and maintaining contact with local authorities and municipal works departments with the aim of acquiring and renewing concessions and shares.
22. Issue 3/2004

23. Recommendations for resolutions and reports by the Committee on Petitions on various petitions; circular 13/4903 of December 15, 2005 (reply by the Committee on Petitions to the petition filed by the Stuttgart Water Forum on June 8, 2004)
24. City of Stuttgart's homepage under the heading: "*Stuttgarter Wasserversorgung auf Dauer gesichert – Gesetzliche Vorschriften und Verträge garantieren hohe Qualität und niedrigen Preis*"
25. Investment companies which usually pursue a strategy of short-term profit maximisation. In contrast to the traditional investment funds, they are not really interested in sustainable corporate development; they exploit extreme market fluctuations and are able to exert considerable pressure on the capital market with the billions they hold. In 1992, the practices of one hedge fund hit the headlines for the first time, when the Quantum Fund, managed by the billionaire George Soros, successfully speculated against the pound sterling. Great Britain had to withdraw from the European Monetary System as a result.
26. *Stuttgarter Zeitung* of November 22, 2006, p.13
27. 1 Ws 260/06. – cf. press announcement by the department of public prosecution in Karlsruhe on June 8, 2007
28. *Amtsblatt der Landeshauptstadt Stuttgart* (municipal gazette) of July 28, 2005, p.4
29. CBL deals were also concluded in other countries, e.g. France, Austria, Switzerland, Belgium and the Netherlands. There is one further variety of leasing deals, namely domestic German ones. Because of amendments to the law, the Moena Foundation, which belongs to Aldi-Süd, was able to buy the refuse incinerating plant belonging to the city of Aachen (volume of transaction: €325 million) and lease it back for a period of 30 years.
30. I am convinced that the views on this kind of transaction were already known even before 1999. During the 1980s, IMF guidelines did not permit tax write-offs without any genuine economic substance (sections 162 and 163).
31. GRDRs (council circular) 197/2003 of February 27, 2003
32. GRDRs (council circular) 735/2002 of August 15, 2002

33. Communication from the Ministry of the Interior in Baden-Württemberg of April 7, 2003, in answer to a parliamentary question by the Green Party fraction in the state government
34. *Dresdner Neuste Nachrichten* of December 28, 2005; see www.dnn-online.de
35. Werner Rügemer in *taz* of June 1, 2004
36. The municipal administration had to withdraw the draft at the last minute, when it realised that it would not be possible to erect the pier on the grounds of the sewage plant without permission from the U.S. investor. The Stuttgart fraction of the SPD had posed the following question, among others, to the administration, with its motion 31/2003: “How is the city council’s freedom to use the site restricted?” The administration replied: “We, the German contractual partners, will be able to carry out modifications to the plant without restriction as we – its owners and operators – see fit, just as we have been able to do up to now.” (see GRDRs council circular 197/2003 of February 27, 2003) – At the beginning of April 2006, when the marked-out route and the bridge across the Neckar were about to be passed, the leading district councillor in charge of the planning department and building control office, Matthias Hahn, raised the alarm: the City Treasurer issued an urgent warning against the decision, the bridge could not be built without the U.S. trust’s permission, it would constitute an intervention into the value of the asset and could result in a compensation claim against the municipality to the tune of over €10 million (see *Stuttgarter Amtsblatt* of February 23, 2006 and the *Stuttgarter Zeitung* of February 22, 2006). Representatives from the Regional Council then suggested that the bridge could simply be built outside the grounds of the sewage plant. Even if this does happen, the case demonstrates just how expensive CBL ventures can turn out to be. The alternative Neckar crossing L 1197 would cost €19.4 million and not €12.3 million like the old one (see complaint of October 9, 2006 by the specialist supervisors Hermann Scheer, Member of the Bundestag and Katrin Altpeter, Member of the State Government).
37. We took legal proceedings against the CBL deals and lost the case in the end. Our aim, among other things, was to force through the disclosure of the secret contracts – translated into German! – as would have been normal procedure under German law. The international firm of lawyers Clifford & Chance refused to do so, arguing that: “It is not necessary for us to disclose either the original contract documentation or a German translation of the text. [...] Should the court, however, decide otherwise, we would like – as a precaution – to draw your attention to the following facts: The contract of the deal

in 2002 contains around 2,600 pages. It exists exclusively in English. The average cost of translation lies at between €120 and €130 net per page, which means that the translation of the entire document would cost around €320,000, plus €51,000 in VAT. The party who lost the case would have to assume liability for these costs.” In other words, everything possible will be undertaken to ensure that the original legal documentation remains secret.

38. *Rhein-Main-Zeitung* of June 16, 2003
39. *Stuttgarter Zeitung* of September 22, 2003
40. *Staatsanzeiger für Baden-Württemberg* of May 5, 2003, p.3
41. Wolfgang Schuster in a letter of March 3, 2003 to one member of the Stuttgart Water Forum
42. One of a series of interviews entitled “Ask Mayor Schuster” in the *Stuttgarter Wochenblatt* of February 9, 2006
43. See also Koordination gegen Bayer-Gefahren (coalition against Bayer-related hazards), www.cbgnetwork.org
44. See also www.bmz.de and click on “Presse/Reden und Statements/Bundesministerin Heidemarie Wiecek-Zeul”
45. Benchmarking is the process of comparing the cost, time or quality of what one organisation does against what another organisation does. The result is often a business case for introducing changes in order to make improvements. Also referred to as “best practice benchmarking” or “process benchmarking”, it is a process used in management, and particularly in strategic management, in which organisations evaluate various aspects of their processes in relation to best practice, usually within their own sector.
46. *Die Zeit* of April 29, 2004
47. The “East Asian Crisis” (sometimes “East Asian Economic Crisis” or “Asian Currency Crisis”) is the name given to the 1997/1998 financial and economic crisis in East Asia.
48. + 49. The World Bank Group is the umbrella organisation for the following five institutions:

IBRD International Bank for Reconstruction and Development
IDA International Development Association

50. Keynesianism is the name given to a set of economic theories based on the works of the English economist and mathematician John Maynard Keynes (1883-1946), who postulated politico-economic intervention by the state. At the Bretton Woods Conference in 1944, Keynes was unable to push through his suggestions for an international monetary system which would guarantee stable exchange rates – independent of the U.S. dollar as reserve currency.
51. See articles 19.2, 24.1, 79 and 146 of the German Constitution (Grundgesetz)
52. See *Der Spiegel*, 45, 1998
53. Numerous institutions are active behind the scenes at EU decision-making level, pushing through the interests of the business sector: the 133 Committee, the RT (European Round Table of Industrialists), the UNICE (Union of Industrialists and Employers Confederation of Europe), the TABD (Transatlantic Business Dialogue) and the ESF (European Service Forum).
54. Lawsuit Halle, C-26/03, states that a local authority is obligated to invite tenders Europe-wide for contracts even if an enterprise is only partly privatised. (EU guidelines 92/50 and 97/52)
55. See *Handelsblatt* of July 19, 2007
56. From a speech made by Dr. Uschi Eid (Green Party) at the Dialogforum *Wasserwirtschaft und Entwicklungszusammenarbeit* (a round of discussions on the topic of water management in cooperation with development projects) on February 29, 2000 at the Crown Plaza Hotel in Bonn
57. Document 14/7177
58. Document 16/1094
59. See *Berliner Zeitung* of January 21, 2006
60. See *Handelsblatt* of July 3 and July 4, 2006

61. The lawyer John Roberts, presiding judge at the U.S. Supreme Court since the end of 2005, worked for a long time as a partner at Hogan & Hartson, as did Sandy Berger, former security adviser to Bill Clinton.
62. See www.umweltjournal.de
63. Documentation No. 547; see publication of August 29, 2005 at the website of the Federal Ministry of Economics: www.bmwi.de
64. The World Bank, several German government departments and many politicians maintain that an annual sum of US\$180 billion will be needed in the water sector to meet the UN Millennium Goals (MDGs). They claim that member states will only be able to contribute a total of \$80 billion, leaving an investment deficit of \$100 billion which only the private sector will be able to offset. See too: www.bmz.de
65. In Germany, water is regarded as a foodstuff and thus a VAT rate of 7 per cent is added to the price. As far as wastewater disposal is concerned, a municipal operator charges no VAT – a private operator on the other hand charges a rate of 19 per cent.
66. See www.netzzeitung.de of September 13, 2005
67. Request made to the national executive committee of the CDU party to be considered at the party conference held in Hanover on December 3 and 4, 2007
68. One specialist in this field is the Indian eco-activist and feminist Vandana Shiva, who has published important articles on this topic. These can be found on the Internet.
69. Thomas Stechert in www.newsclick.de on December 15, 2006
70. See *Volksstimme* of May 13, 2006
71. See here the publications by the German eco-feminist Maria Mies: *"Indian Women and Patriarchy"* (1980); *"Patriarchy and Accumulation on a World Scale"* (1986); *"Women: The Last Colony"* (1988) – with co-authors Bennholdt-Thomsen and von Werlhof; and *"Ecofeminism"* (1993) – with co-author Vandana Shiva.

72. In 2002, the department of works in Herten offered its customers “Herten fund” shares at a fixed interest rate of 5 per cent and with annual notice. The total volume amounted to €10 million, the shares were divided up into denominations of between €1,000 and €20,000, whereby €20,000 was the upper limit. The capital is being used to finance investments in the department of works’ area of responsibility.
73. See the website of the individual supplier:
www.verivox.de , *www.stromletter.de*

The list of people I wish to thank here is a very long one indeed because writing a book like this involves a huge amount of work: a lot of discussion goes on behind the scenes, documents and information are passed back and forth and a great deal of research has to be carried out. I am particularly indebted to the following friends and colleagues: Barbara Kern, Werner Weber, Doris Henrichsen, Ulrich Jochimsen, Thomas Henrichsen, Gerald Rollet, Sabine Kumkar, Lisa and all the other friends from the *Stuttgart Water Forum*; Gerlinde Schermer, Nik Geiler, Veronika Baier, David Hachfeld, Sabine Finkentheij, Carolin Franta, Thomas Rudek, Doris Feigenbutz, Christiane Hansen and all the other members of our network *WasserInBürgerhand*; the Bolivian water warriors Oscar Olivera, his sister Marcela Olivera and Luis Gomez; Andrea Zellhuber, Thomas Bauer and Marianne Spiller, who are fighting the re-routing of the Rio São Francisco in Brazil; Dietrich Hyprath, Frieder Wagner and Daud Miraki from Afghanistan, who are protesting against depleted uranium munitions; Ursula Kleber, who is campaigning against nuclear waste and Asse II; Ercan Ayboga, who is fighting to stop the construction of the Ilisu Dam and to save Hasankeyf; Sarah Grusky and Victoria Kaplan of *Food & Waterwatch* in the USA; the tireless Canadian water activists Maude Barlow and Tony Clarke; all the friends from the Lake Constance *Wasserkarawane*, Dorle Ferber, Catherine Dreiseitl, Ingrid Weiss-Schäfer and Heike Pfreundtner; Dave, Esther, Mamay, Yunas, Wira, Nila and all the other friends from Indonesia; Werner Küppers, Johannes Stüttgen, and Kurt Wilhelm from *Omnibus für Demokratie*; Eva Maria Föllmer, Karl Jürgen Müller, Willy Wahl, Rudi Hänsel, Ewald Wetekamp, Erika Vögeli, Claudia

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Jens Loewe lives and works in Stuttgart, the capital of the German federal state of Baden-Württemberg. He is an activist and the author of various publications and books. He supports numerous initiatives worldwide, aimed at preventing water privatisation and rescinding existing privatisation contracts. He also gives lectures and holds seminars on water-related topics, such as the political dimensions involved, privatisation, environmental issues, water pollution and aspects of quality, as well as on globalisation and the introduction of genuinely democratic structures.

He is co-founder of the *Stuttgarter Wasserforum*, a citizens' initiative which has been fighting since 2002 against the so-called Cross Border Leasing contracts and in favour of remunicipalising the city's water, gas and electricity supply networks; co-founder of "WasserInBürgerhand" (WIB), a nationwide alliance of communities trying to prevent the privatisation of water supplies and to recommunalise those systems already in private hands; co-founder of the network "Uranmunition.net", which demands the prohibition of depleted uranium weapons; member of the annual "Mut zur Ethik" conference in Feldkirch, Austria.

Contact: info@nwwp.de

Multinational corporations have begun their predatory raids on the world's water resources. Here in Europe, too, water supply systems have already been impacted by this global privatisation wave and an integral part of the basis of our human existence has been reduced to a mere plaything at the mercy of economic interests.



JENS LOEWE

Jens Loewe describes for us the techniques and tricks used by these large companies to get their hands on public assets – aided and abetted by political accomplices – and shows how democracy, self-determination and citizens' rights are falling by the wayside in the process. He also illustrates the way in which our water is being contaminated to an ever-increasing extent by industry, large-scale construction projects and chemicals, and the far-reaching repercussions this environmental damage is having for all life on our planet.

WATER ABLAZE provides information about the various options available to members of the public and the strategies that can be applied to oppose current developments, as well as possible ways out of the present crisis. Concerned and active citizens will find the book helpful in their struggle against the all-pervading power of the giant corporations and institutions. Jens Loewe is an activist and the author of numerous publications on this subject. He lives and works in Stuttgart and supports various projects both in Germany and abroad.

