

## Peasants Pledge to Fight for the Right to Produce Their Own Food

### Bangalore Declaration of the Via Campesina

October 6, 2000 — Bangalore, India

Peasants and small-scale farmers, agriculture workers and indigenous peoples' organizations, from all the regions of the world (Asia, Europe, the Americas and Africa) have gathered near Bangalore, India in the 3rd International Assembly to confirm our determination to defend our cultures and our rights. More than 100 delegates from 40 countries representing hundreds of peasant organizations and millions of peasant families met from October 3 - 6, 2000.

We are united in our commitment to confront and defeat the global agenda of neoliberalism. The negative impacts of globalization are acute and tragic in the countryside. The imposition of the World Trade Organization (WTO) and regional trade agreements is destroying our livelihoods, our cultures and the natural environment. We cannot, and we will not, tolerate the injustice and destruction these policies are causing.

Our struggle is historic, dynamic and uncompromising.

The forced liberalization of trade in agricultural products across regions and around the world is resulting in disastrously low prices for many of the foods we produce. As cheap food imports flood local markets, peasant and farm families can no longer produce food for their own families and communities and are driven from the land. These unfair trade arrangements are destroying rural communities and cultures by imposing new eating patterns everywhere in the world. Local and traditional foods are being replaced by low priced, often poorer quality, imported foodstuffs. Food is a key part of culture, and the neoliberal agenda is destroying the very basis of our lives and cultures. We do not accept the hunger and displacement. We demand food sovereignty, which means the right to produce our own food.

The massive movement of food around the world is forcing the increased movement of people. The destruction of local economies is increasing poverty and forcing the displacement of millions of people in search of land or jobs. Whether it is Mexican peasants and workers crossing into the U.S.A. or northern Africans moving to Spain, the root causes of these population displacements are the unjust economic and social order imposed by the neoliberal agenda. The forced movements of peasants within

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countries, such as the displacement of thousands of peasants within India, due to both man-made and natural disasters, is equally devastating. These migrations destabilize communities, leading to increased violence, ethnic conflicts and insecurity everywhere. Uprooted, migrant peoples, particularly women, are vulnerable to terrible exploitation and abuse. We denounce the forced displacement of peasants and demand an end to the brutal military operations which are being used to suppress peoples who seek justice. The criminalization of those who organize for more just conditions must be stopped.

We denounce the policies of the World Bank, the IMF and other international institutions which fraudulently implement so-called ‘rural development policies’ that are really designed to rob us of our common heritage - land, water, and genetic resources. We are not fooled by the programme to privatize land and water as a way of getting investment and development. Our experiences teach us that the privatization of land is leading to more debt, more hunger and more injustice for peasant families. We call for genuine and just agrarian reform.

The patenting of life forms, which gives private ownership and control over genetic resources and even human genes, is absolutely unacceptable. We will not cede the ownership of our common heritage and the basis of all of our lives to the transnational corporate sector. The privatization of natural resources is concentrating these common goods in the hands of the wealthy who use them for luxuries while basic needs are not met. In this perverted world order, land is used for golf courses instead of producing food and water is sold and diverted into urban hotels and swimming pools instead of providing drinking water and other needs of people. The Via Campesina is on the front lines of the struggle against the privatization of natural resources. This is a peasant struggle for all of humankind.

The Via Campesina is committed to changing the unjust, unsustainable models of production and trade. Peasants and farmers are suffering a financial, social and cultural crisis everywhere, north and south. And we are everywhere committed to working in solidarity to build more just, sustainable peasant societies.

We, the peasant and small-scale farming societies are not defeated. We are strong and determined and we are the majority in the world. We are proud of our work, which is to produce safe foods for our families and humankind. We cherish our diversity, both biological and cultural. The future belongs to us.

The Via Campesina is committed to building alliances to change the direction of the economic order. We, together with those who share our vision, will change the current economic model in order to protect and develop peasant based agriculture relying on traditional wisdom. We demand access to land and the right to produce our own food.

The Via Campesina is unique and historical as the only global peasant movement which recognizes the full equality and value of both women and men. This conference confirmed this through a structural change which ensures that peasant women and men will share responsibilities equally in the movement. We seek to model open, democratic processes within our movement.

The Via Campesina will continue to struggle for justice with mobilizations and actions all over the world from the streets of Seattle to the hillsides of Peru. We are committed to using the most effective, non-violent strategies available, ranging from refusing to participate and direct action to negotiations.

The Via Campesina is committed to achieving food sovereignty and will engage in a worldwide campaign against low priced food imports.

### **Via Campesina**

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## **And It is Prague Now !**

It was December 1999 when Seattle happened. It was a debacle. It was a total collapse. Yet WTO Director General, Mike Moore and US trade representative, Charlene Barshefsky claimed that it was an isolated incident. They pretended as if whatever happened in Seattle was not taken seriously by international financial institutions. Then came the World Bank and International Monetary Fund meet at Washington. The meeting was scheduled for 15-16 April 2000. As they say, "April is the cruellest of the months" (US poet and playwright T.S. Eliot), it indeed proved to be cruellest for institutions like the World Bank, IMF and their allied institutions as it was great show of strength by protesters at Washington DC. So much so that these financial institutions could no more brush it aside. Indeed, the warning was served loud and clear. That was just the beginning. Similar protests though on a smaller level were ignored around the globe. Come September and it was the turn of Melbourne and Prague. On 11 September, 2000 the World Economic Forum met at Melbourne only to be greeted once again by organised protest. Thousands of people marched on the streets of Melbourne and faced the security forces bravely. It was here that these financial institutions were made to realise that the protests are not going to be event based and scattered any more. It was a new dawn for the peoples' movement. It was here that the programme for Prague was chalked out.

The World Bank and International Monetary Fund were holding their annual meeting at Prague Congress Centre. On

September 26, 2000 a large number of demonstrators surrounded the Congress Centre. The protesters had come from all corners of Europe. They were French, Germans, Italians, Spaniards, Danes, Dutch, Greek, Polish and of course Czech. They were more than ten thousand in numbers. They walked through the streets of Prague raising slogans like 'Liquidate the Bank', 'World Bank Go Back', 'IMF Go Back'.

*They tried four times to push through police lines. Police responded with batons, while protesters used inner tubes to shield themselves from their blows. Some demonstrators also wielded sticks. There were no apparent injuries. At one point a protester threw a plastic bottle at police and was scolded by other demonstrators. Protesters systematically dismantled the police barricades, cheered on by the crowd every time they removed a section of the metal barrier. However, they were unable to push back the police lines and inch their way onto the bridge. Police, meanwhile, were unable to push the protesters back with their shields and batons.*

clashed with the police in which police personnel also sustained injuries.

What was described as non-event when it happened at Seattle, is turning out to be a nightmare for these international financial institutions and other forces of globalization. Organisations and individuals have already started formulating a common strategy to counter them. In the late 80s with the fall of the then Soviet Union and Eastern Europe, these forces had claimed victory of global capitalism over those challenging them. But now even they know that though it was a victory but it was a temporary one. The jungle raj of monsters is bound to go. There should not be any doubt about it. Yes, it is not an Utopia. It is a reality, as clear as the day.

## **Prague Declaration**

*September 28, 2000*

We, the members of non-governmental and community-based organizations from different parts of the world, gathered in Prague and signing this statement, note the unprecedented early suspension of the 2000 annual general meeting of the International Monetary Fund (IMF) and the World Bank. Given the number of scheduled sessions, including meetings with non-governmental organizations, that will evidently be cancelled, the claim that they have simply finished their business rings hollow.

We believe that the cancellation of the final day of meeting reflects the institutions' recognition of their own lack of credibility. Confronted with vigorous protests from organizations like ours and a refusal to accept the empty rhetoric of "poverty reduction" and "debt relief" offered in response to assertions of their responsibility for decades of economic malfeasance, they have, at last, wisely chosen silence over more lies.

Our challenge to the right of these institutions and those who control them to dictate economic policy, largely through the leverage gained through illegitimate debts, has gone unanswered. Our call for a wholly new global economic structure, one which mandates not a single model but many choices for the many peoples of the world, is one that these institutions cannot accept, or

even comprehend.

We gathered in Prague for an exceptionally broad, inclusive, international protest against the discriminatory and unjust policies of the IMF and the World Bank. We oppose the undemocratic and elitist character of both the institutions and the meetings they hold.

Our numbers include a great many young activists as well as people from Central and Eastern Europe who have now inaugurated the movement against corporate globalization in this region. Our numbers also include protesters in over 30 other countries, including Bangladesh, South Africa, Argentina, the United States, France, and India, who staged solidarity actions this week.

We came to Prague to act in solidarity with the millions who could not be in Prague: the impoverished women farmers of Africa, the workers laid off in Asia, the Pacific and Caribbean islanders denied credit for their livelihoods, the young women working in Latin American sweatshops.

We have spent our time in Prague not only protesting, but also discussing positive, people-centered alternatives to the debt crisis, structural adjustment programs, corrupt and environmentally devastating infrastructure projects, and the economic philosophy of development through exploitation of both the

ecology and large majorities of the people in the South and in the East.

At the same time we denounce the psychological terror and physical repression executed by the Czech police forces before and during the conference of the IMF and World Bank. Their actions, notwithstanding instances of provocative behavior by a few protesters, have injured dozens of innocent people and resulted in hundreds of unjustified arrests during and after the essentially peaceful demonstrations. We express our solidarity with the hundreds who remain imprisoned, and call for humane treatment and speedy release of all those detained. We particularly express our grave concern over reports of brutalization of those held in Czech prisons.

We note that the World Bank itself has acknowledged this month that its policies are failing. Its World Development Report, although subjected to censorship within the institution, offers a revealing critique of the growth-centered development philosophy that has long been the Bank's adamant answer to every question. And its report on the transition economies of the former Soviet Union and Eastern Europe has revealed a tenfold increase in poverty, from 2% to 21%, a clear indication that the neo-liberal recipe peddled by the IMF and World Bank has failed yet

another entire region of the globe.

Given the evidence supplied by the World Bank itself, we would suggest that it and the IMF, and the commentators who continue to support them, consider that their calls for more of the same medicine, more of the same conditionalities, are inadequate. A revolution in economics is called for, one that returns control of economies to the people who live in them. The time has come to put economics at the service of the people,

rather than entire societies at the service of economic models that have failed for over 20 years.

Our protests in Prague, following those in Melbourne, Okinawa, Geneva, Chiang Mai, Washington, Seattle, and countless other cities, have again exposed to the world the contradictions and inadequacies of corporate globalization, and of the IMF and World Bank. Our protests also echo the struggles going on today in Bolivia, one of the many places where people from

many sectors have risen up against the local manifestations of the globalized economy. So long as that model continues to be imposed by the rich and the powerful, organizations like ours shall continue to protest and to do everything in our power to expose the plain failures of the system. Wherever those who have taken upon themselves the power to make decisions for the global economy will gather, we will be there to witness, to expose, and to protest.

## **A Manifesto for Revolutionary Change**

*Global Delegate Congress in July 2000*

*The International Financial Institutions and their allies are busy creating a myth that there is no alternative to global capitalism. They have been able to convince many governments and these governments have fallen in their trap (at the same time they have also seen the disastrous results). These advocates of global capitalism still declare that the process is on without any serious interruptions. We are told that it is impossible to reverse this process. But people across the globe are rising to take the bull by the horns. They know that an alternative exists, it is bound to fructify in near future. Following excerpts from 'A Manifesto for Revolutionary Change' released at Prague meet of International Financial Institutions (22-28 Sep 2000) is one such example.*

The bosses of the multinational corporations, the top bankers and the heads of government of a handful of countries together rule over a global empire.

Their frequent meetings and conferences have a common agenda: how to remove any barriers to the economic domination of the giant corporations. Whether these barriers be health and safety regulations in America, welfare entitlements in Europe or environmental standards in Asia, they are targeted for destruction.

With one click of the

keyboard, global capitalists shift billions of dollars from one currency to another; they close and relocate factories at a moment's notice. They devastate communities, destroy millions of lives, ruin the health and blight the education of millions of people.

The sheer economic might of the global corporations enables them to make elected presidents and prime ministers scuttle to do their bidding. In national parliaments, they can buy or frighten the legislators and thus block all proposals hostile to their interests.

The International financial institutions -the International Monetary Fund (IMF), The World Trade Organisation (WTO), the World Bank, force governments to abolish protective measures, to privatise not only industries but social services, to reduce levels of health care and lower standards of labour protection.

Their teams of top lawyers and judges threaten to ruin any trade unions or human rights groups which stand up to them. In many countries, whose natural resources they plunder wholesale, activists are

assassinated or tortured by special high-tech paramilitary units trained by Washington, London or Paris and paid for by the multinationals.

Millions worldwide are becoming more and more aware of this system and are giving it a name - GLOBAL CAPITALISM. They are targeting the institutions and conferences of this system for mass protest. These protests have been met by the usual response - that the protesters are divided and incoherent and in any case there is simply NO ALTERNATIVE to global capitalism.

This is the big lie of the turn of the century. Global destruction, poverty and insecurity are not inevitable. There is an alternative. But how do we change this system? What do we replace it with?

Tens of thousands of self-sacrificing workers from non-governmental organisations (NGOs) can scarcely touch the surface of the problem of world poverty.

Millions generously respond to charitable appeals to help the victims of wars, floods and drought. Yet the sums pale in comparison to the billions of dollars spent by governments and the multinational companies on the weaponry that fuels these wars and on environmental degradation which causes most of these natural disasters.

No: the answer is not individual self-sacrifice but collective political action - linked to a vision of a new social and economic order for humanity.

Will parliaments and the road of social reform provide it?

No! Millions already sense that the everyday political institutions of government exercise less and less control over the banks and the big corporations, over the bureaucrats and armed forces of the state.

With power in the hands of people who create the wealth of society, we can re-organise economic life to be more efficient, just and less wasteful. The rule of democratically elected and accountable workers councils, having smashed down the militarised machinery of injustice, intolerance and inequality, will set to work repairing the untold damage caused by capitalism.

We will eliminate the billions spent on means of mass destruction, the meaningless and harmful marketing of useless products, the billions spent in commissions to advise on the latest corporate take-over.

New technologies and scientific breakthroughs will realise their genuine potential only if they are delinked from commercially-driven priorities. Advances in genetics and pharmaceuticals can - once liberated from the tyranny of patent rights - end millions of premature deaths from easily curable diseases.

Mass interactive communication systems can transform democracy by providing cheap and non-hierarchical access to information and opening up a host of forums. This is no utopia; it is just a matter of liberating the present from the chains of capital and profit-driven production.

A world without food giants poisoning our food,

without trade sanctions that kill our children, without ethnic cleansing; and in its place a planet with planned allocation of resources under the direct control of the people who produce the wealth of the world - this is a goal worth fighting for.

### **A World without Barriers**

Globalisation was the catchword of the last decade of the 20th century. It describes the enormous increase in cross-border mergers, the free movement of money around the world and the massive growth in international trade and communications.

But what does it signify? Its advocates say that by pulling down national barriers and creating a seamless web of international commerce, globalisation creates more jobs than it destroys. The pain is worth the gain, they tell the miners and steelworkers of the G7 countries, and the small farmers of the Third World - eventually things will be OK. This, too, is a lie.

Despite two decades of increased suffering inflicted on the world's workers and peasants, there is no sign of the promised increases in living standards. Even in the major imperialist countries, the profit rates of the 1960s, and the full employment and the social welfare regimes that went with them, are gone for good.

The planet is a more unequal place than at any time in history. The richest 350 people today have wealth far in excess of the income of the poorest third of the world's population.

Every marketing director is taught at management school

that, although we live on a planet of 6 billion people, 90 per cent of us can effectively be treated as non-persons, for only 600 million people are considered bankable.

A mere one-tenth of the world is seen as useful to the continued expansion of globalised capitalist markets! Their fate at best is to provide cheap and expendable labour for the goods that only others can buy.

Globalisation will not lead to the creation of an international capitalist class peacefully cultivating a world economy through such institutions as the IMF, the World Bank and the WTO. Rather, it is leading to the creation of monster transnational corporations, locked in a struggle to death with one another for bigger shares of the world market.

Since the beginning of the 80s, average real income in the USA has stagnated. Although a small group of wage earners has seen an increase, for the majority there has been a drop. The phenomenon of the working poor dramatically demonstrates this.

Since the middle of the 90s, the number of people living in poverty has increased despite a clear decrease in unemployment and a high level of economic growth. The highest paid fifth of the population in the USA today account for around 45% of total income (in Germany this is only 36%). At the beginning of the 80s, the figure was around 40%.

The lowest 60% of society receive just 30% of the national income. This divergence in income and the massive creation

of the "working poor" is presented to the rest of the working class in the imperialist world as the US model for fighting unemployment.

Today, an overvalued stock market threatens to bring the economy crashing down. This would result in a huge clearing out of e-commerce stocks and further concentrate capital in the hands of a few key monopolies.

### **The Crisis of Leadership**

Who in the working class movement will lead these struggles to victory? The cowardice and collaboration of trade union and reformist leaders encouraged a savage bosses' offensive over the last twenty years or more.

The employers demanded, and got, a massive intensification of work, short-term contracts, part-time jobs, longer working hours, more overtime and a steady rise in night and weekend shifts. Downsizing, outsourcing, merger mania, privatisation, have all put the unions in particular on the defensive.

Politically, the past decades have seen a massive move to the right by the traditional reformist parties. Under pressure from neoliberalism and globalisation, the room for political and social manoeuvre has shrunk for the reformists. For 40 years after the Second World War, the trade unions and the reformist parties policed the working class in the interests of big business.

Workers must press their leaders from every side to force them to fight for the most important demands from their parties, something which will

soon expose these leaders as the craven servants of big business that they are.

Beyond these parties lies a tiny but violent fringe of outright fascist groups whose attacks on immigrants and refugees have grown in areas of high unemployment or in periods of recession.

This danger facing the labour movement is a further motivation for it to transform itself into a fighting force which can recover the backward workers and chase the racist scum out of the working class and back into the sewers from which they have emerged.

Forward to a new, revolutionary workers International!

Globalisation is teaching the working class that it needs to overcome national-centredness and to build strong international links and organisations. Already, the first international wage bargaining is taking place in EU countries. Close co-operation is being developed between US-American and Mexican unions.

Active international solidarity was also shown around the Liverpool and the Australian dockers strikes, the national liberation struggle in East Timor and between the workers committees from the Belgian Clabeq steel factory and from the Russian mill in Vyborg.

Although still on a small scale, these are important first steps in the right direction: globalisation of class organisation and struggle to counter the globalisation of capital.

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## **Japan on Back Foot Over G8 Extravaganza**

*Agence France Presse / Jitendra Joshi  
(Published: 24-Jul-2000)*

TOKYO, July 24 (AFP) - Japan's government was forced onto the defensive Monday over the massive sums it lavished on a Group of Eight (G8) summit that supposedly had global poverty relief as a major goal.

The Japanese press were united in declaring that little concrete action to improve the lot of people around the world emerged from the three-day gathering on the southern sub-tropical island of Okinawa.

"As the G8 becomes ever more important, they have to be more conscious about the costs," the Nihon Keizai Shimbun said in an editorial after debt-relief campaigners had blasted the "obscene" Okinawa jamboree.

"This summit was criticised over the issue of debt-forgiveness for poor nations because of the enormous amount spent in holding the summit in Okinawa," the business daily said.

It cost a record 81.4 billion yen (750 million dollars) to put on three G8 meetings culminating in the leaders' summit that ended Sunday.

"Why was it necessary to spend 80 billion yen just for a gathering of leaders?" demanded Yukio Hatoyama, leader of the main opposition Democratic Party of Japan, according to Jiji Press news agency.

The government defended itself against charges of waste, as workers prepared to tear down a two-storey international press centre -- including elevators and a huge dining room -- built exclusively for the Okinawa summit.

"It was the first summit held outside Tokyo in which leaders, foreign ministers and finance ministers' meetings were held separately," Chief Cabinet Secretary Hidenao Nakagawa told a regular news conference.

"For this, we needed to organise telecommunications infrastructure, related facilities and security costs," he said.

Okinawa residents complained of stifling security as 22,000 Japanese police, including 1,500 local officers, and 2,200 coastguard officers were drafted to protect the leaders.

Nakagawa tackled accusations that the money spent could have erased the debt of Gambia.

"We are making pioneering and utmost efforts on the debt issue in working with nations and institutions concerned," he said.

But campaigners came away disgusted at the G8's limited progress in cancelling money owed by the world's most heavily indebted nations.

"The Japanese government is trying to be very hospitable but the amount of money is obscene," said British charity Oxfam's spokesman, Phil Twyford, after the three-day meeting.

The need to boost the Okinawan economy after years of neglect was a major factor behind the big spending, said UBS Warburg political analyst Shigenori Okazaki.

Former prime minister Keizo Obuchi chose the island, Japan's poorest prefecture, as the G8 venue before he suffered a stroke and died on May 14.

"But one summit won't do any good," said Okazaki.

"They're demolishing the press centre, which tells you a lot. It looks like there won't be many lasting benefits."

But Obuchi's gaffe-prone successor as prime minister, Yoshiro Mori, had reason to be pleased.

"Many including Japanese politicians were concerned that Mori may say something very stupid, so at least on that account the summit was OK," Okazaki said.

The tightly scripted event left Mori little chance to outrage anyone after a series of ill-advised remarks, including one apparently betraying nostalgia for Japan's war-time belief in a divine emperor, said another analyst.

"Every part of the G8 was mapped out by the bureaucrats, and Mori merely followed the script," said Meiji University politics professor Kaoru Okano.

The summit was long on declarations but short on specific commitments from Britain, Canada, France, Germany, Italy, Russia, Japan and the United States, he added.

"It also cost too much money."

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At the Melbourne and Prague conferences in September, in Nice at the end of the year, the IMF, the World Bank, the WTO and EU will meet to plan their strategy - how to raise profits, how to resolve damaging conflicts among themselves and how to put the workers, the peasants and the poor on shorter rations.

Together, they represent the International of the Exploiters. Unfortunately, today, the exploited have no International body in which to plan their strategy for resistance.

Millions of activists from Seattle to Singapore struggle on a thousand fronts: against unfair global trade, for the restoration of human rights in Burma,

against national genocide in the Balkans, for a decent wage and trade union rights in Mexico's maquilladoras.

The most important feature of these struggles has been that they have sought and received a quite remarkable degree of international support from the very beginning.

International solidarity action or co-ordinated activity has been actively taken in the struggle of the Australian and Liverpool dockers, in transport workers' actions in Europe, of Renault and Alcatel workers.

In the mobilisation against the WTO in Seattle, workers and youth came together in a massive anti-capitalist demonstration and fight. When the police gassed and batoned them they chanted

The world is watching and they were right.

This current wave of radicalisation by workers and young people is the fore-runner of an increasingly international mobilisation.

A new, Revolutionary International can only be formed by drawing in the new forces fighting global capitalism. This means developing a new world programme of socialist revolution in common struggles and in debate with them.

We appeal to all individuals and organisations that share this goal to take practical steps to achieve it now - not in an indeterminate future but in the years immediately ahead. Join with us in this struggle!

## **Globalization and Food Security: The Role of the Agreement on Agriculture**

Gabriela Flora

Institute for Agriculture and Trade Policy

**Sustainable Agriculture in the New Millennium:  
The Impact of Biotechnology on Developing Countries**

Brussels, May 31, 2000

Food security is a complex concept. Many of the new technologies that are being trumpeted as the solution to malnutrition and food security, such as genetically engineered (GE) crops, may actually further decrease food security. This is particularly true for developing nations, as Western-based multinational companies are developing and patenting the technologies. Patents, in turn, shift control and access to genetic resources from local to

corporate spheres. This reduces the possibilities for developing countries to feed themselves and protect their economies. The effect of promoting GE crops is likely to increase dependency on multinational suppliers of seeds and other inputs.

Genetic engineering has been developed and implemented in the context of globalization. The WTO is the principal multilateral institution to negotiate and implement trade rules, and trade has been a

key driver of globalization as we know it. Under the WTO, a series of trade agreements define the rules under which trade occurs. The AoA defines the rules for international trade in agriculture. As agriculture is a central component to food security, it is important to understand the implications of that Agreement on the conditions under which food is produced and distributed and on communities' ability to feed themselves.

The AoA – as is true for other WTO agreements – reflects a particular model of development. That model of development is one with a poor record of supporting sustainable agriculture and vibrant local economies. The champions of this export-led model of development are often also proponents of genetic engineering as a central component to solving world hunger. Both arguments share a perception that supply is the central (sometimes it seems only) component of food security, despite decades of research to the contrary. This focus on supply ignores the vital issues of distribution and access to food. The privately-held patent based system inherent in genetic engineering interferes significantly with people's access to any possible benefits from the technology.

### **What is food security?**

At the World Food Summit in 1995, the Food and Agriculture Organization (FAO) defined food security as "food that is available at all times, that all persons have means of access to it, that it is nutritionally adequate in terms of quantity, quality and variety, and that it is acceptable within the given culture."

Food security has come to mean many things to different people. Many non-governmental organizations (NGOs) and farm organizations have found the term, and the FAO definition is incomplete because it does not address where the food comes from or how this affects local communities' economic and

cultural viability. The FAO definition does not preclude the continued problem of surplus production in developed countries being dumped at less than production cost in developing country markets. This behavior is justified on the grounds that developing countries should solve their food security problems by importing food. Trade-based food security has become an accepted norm in many multilateral circles. In rejecting these assumptions, Via Campesina and a number of other farm groups and non-governmental organizations have proposed an alternative concept, that of food sovereignty. Food sovereignty introduces the element of national decision-making into food security. It does not demand self-sufficient production at the national level, but instead puts the emphasis for determining food policy back to the national level, whether national policy decides on self-sufficiency or some trade in food as being the most desirable goal.

### **Food Security in the Context of Globalization**

In 1995 the World Trade Organization (WTO) was established. It incorporated the General Agreement on Tariffs and Trade (GATT) and gave trade enormous power as a dominant value in international relations. Through an enforcement system that includes the possibility of trade sanctions, the WTO has considerably more power than most other multilateral institutions. This is the policy context under which

globalization (the increased international flow of goods and services) is taking shape today.

Food security needs to be defined beyond the initial FAO principles because economic globalization has increased the centralization of production and consumption. Globalization has decreased the barriers to flows of capital, goods and services at a very rapid rate, beginning in the 1970s, but accelerating dramatically as the 21st century begins.

Multilateral agreements can benefit developing nations by setting out rules and regulations that are universally applied. Yet, in practice, to date many agreements have served mainly to increase the ability of transnational corporations to function without concern for national boundaries. Nothing in the WTO Agreement on Agriculture addresses the consolidated nature of corporate power on the world food market. The same handful of companies controls the exports of wheat, maize and soyabbeans from all over the world. While we talk about food trade in terms of the United States (U.S.) versus the European Union (EU), in truth Cargill and other companies are doing the trading from most ports. Until such "market distortions" are addressed internationally, trade rules cannot do much to alter the imbalances between developed and developing countries' market power. The corporate focus on genetically engineered seeds exacerbates this problem.

The emphasis on increased trade in agriculture has resulted in developing

countries focusing their agricultural production on products with international markets. Principally this happens to be animal fodder - maize and soy - as well as commodities such as cocoa, sugar, tobacco, coffee and tea. The products grown and sold in international markets are a relatively small sample of food crops, and the consumers in the world market are a small subset of the world's population. The consumers are relatively rich and they eat food from all over the world, wherever they are, whether that be Johannesburg, Delhi, Taipei, Caracas or Brussels.

More bulk commodities are being grown than ever before and more are traded internationally than ever before. Increased supplies of these crops, in turn, decreases the price paid to producers, which decreases earning per unit of a commodity produced. This leads to concentration, as the only way to earn more is to realize some economies of scale. Fewer farmers work the same, or even an increased, number of acres. Small farmers find it hard to compete in this economy. They lose access to the inputs they need -- land, water, and germ plasm, as larger and larger entities come to control them. Local markets are flooded with cheap commodities, which displace local farmers' production. Diverse local food production often provides a more nutritious diet than the imported cheap food, and people's nutritional status deteriorates with the loss of access to a more varied diet. While the apparent choice on the

shop shelves may increase, people's purchasing power is diminished, while the food that has been available outside of the commercial market disappears. Sometimes there can be short-term food security for developing countries in terms of availability of calories through cheap imports, but import-based food security can actually decrease diet nutrition and long term access to food by the poor, while not meeting people's cultural wishes and expectations.

Globalization seems to increase choice, as trade does, but only for those with money to access the market. In many cases, food has become cheaper for consumers, especially in urban centers, but at the expense of a healthy agricultural economy (this is true in countries as different as the United States and Bolivia). While commodity prices are setting record lows, this is not reflected in lower food prices. Instead, grain traders, food processors and retailers capture the difference.

It is essential to consider who is actually trading, in order to understand the system. Very few farmers actually trade, hardly even countries, rather trade is conducted by food companies: grain traders, food processors and, in some cases, supermarkets. Trade rules decide how this trade will operate. Despite the rhetoric, no one is advocating free trade - the simple elimination of tariffs and subsidies. Instead, there are complicated rules for determining how to manage trade. The AoA is one of the

most complicated sets of rules. The current emphasis is on freeing capital movements. In the meantime, huge areas of public policy, such as the environment or labor laws, are ignored. Countries can impose sanctions if patent laws are violated, but not if a country violates the right of workers to collective bargaining. Whether the WTO should include such rules or not, there is no question that the rules we have reflect ideological priorities that favor capital over all else.

Although food security is affected by a wide-range of complex factors, trade policy is increasingly playing a central role. Trade policy realms that affect food security include trade agreements on sanitary and phytosanitary standards, intellectual property rights and agriculture.

### **The World Trade Organization Agreement on Agriculture**

No negotiator of the Uruguay Round Agreement on Agriculture could honestly say that ensuring food security was the first intent of the agreement. Rather, the agreement focused on how to apply General Agreement on Tariffs and Trade (GATT) disciplines to trade in agricultural products through curtailing public expenditures and border protections such as tariffs and import quotas.

The AoA is built around commitments in three areas: market access, which deals with tariff barriers and import quotas; domestic support programs, such as price support payments to farmers; and export subsidies.

In each area, the agreement lays out rules to dismantle barriers to trade by reducing tariffs and public expenditures on agriculture.

The AoA prescribes a model for agriculture that has basically only one dimension: increasing agricultural production for exports, importing what cannot be produced without tariff protection or subsidies to producers. This model is imperfectly articulated and includes various exceptions that have proved of more use to developed than developing countries.

In the preamble to the agreement, food security is mentioned as one of the "non-trade objectives" of agriculture policy. The proponents of the agreement, including the U.S. and many developing countries, argued that food security would be enhanced if developed countries stopped stimulating production through price supports and export subsidies. The market-access gains afforded southern nations through reduced northern tariffs were also expected to raise developing countries' foreign exchange earnings, enabling them to buy what food they needed from world markets.

However, negotiators acknowledged when they signed the Uruguay Round agreements in Marrakesh in 1994 that poor net food-importing countries could be harmed by the reduced availability of subsidized food in the world market. As a result, they added the Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-

Developed and Net Food-Importing Developing Countries (known as the Marrakesh Ministerial Decision). This decision promised these countries financial assistance both to ensure that adequate food imports could be maintained and to improve their agricultural productivity and infrastructure.

The AoA makes concessions to developing and least-developed countries' special needs, including a longer implementation period (ten rather than six years) and lower reduction commitments for programs that support agricultural production and trade. However, it has been widely noted that the AoA seems to have more special and differential treatment provisions for rich countries than for poor. The AoA includes several "boxes" that disproportionately benefit developed countries. Boxes are categories of exemptions from the AoA's reduction rules, created to meet particular social or environmental objectives.

The "Green Box", articulated in Annex 2 of the AoA, provides exemptions in reductions on spending on domestic food aid, stocks held for food security, disaster relief and rural infrastructure. The Green Box contains policies that affect both developed and developing countries, but it primarily lists spending exemptions, thereby excluding countries that do not have revenue to invest in agriculture.

The "Blue Box", articulated in Article 6.5 of the Agreement on Agriculture,

exempts deficiency payments to farmers based on their acreage or quantity of livestock. This provision was entirely for the benefit of the U.S. and the EU. The U.S. has since changed its agriculture program and eliminated its need for the provision. The EU remains heavily dependent on acreage and head payments in the implementation of its agriculture policy.

In contrast, the special and differential provisions for developing countries- longer implementation periods-have failed to offer the flexibility southern countries need to address their food security needs. Many countries submitted their tariff schedules and estimates of domestic support without adequate analysis or forethought. In the process, they lost the flexibility to build in trade-offs between tariff levels on specific products and to ensure that sensitive areas continue to receive support (for example, subsidies to encourage yield increases in food deficit areas.) Some even set their tariffs and domestic support levels at close to zero, foreclosing the possibility of increased spending in the future.

Analysis from the FAO shows that, despite record low prices over the last three years, poor developing countries' food bills increased by an average of 20% between 1994, (the year the AoA was signed), and 1998. At the same time, worldwide commodity prices are setting new lows, damaging countries' abilities to pay for imports by reducing their capacity to earn foreign exchange. Output levels

even within specific countries have fluctuated during the implementation period, but many developing countries remain locked into a trend of growing dependency on food imports while their revenues from commodity exports decline.

In practice, the Marrakesh Ministerial Decision on food security has been useless. In a year of record high prices (1996), with cereal prices up 40% over the previous year, the WTO Committee on Agriculture took the advice of the International Monetary Fund (IMF) and refused to implement the Decision. The IMF argued that the price spike could not be directly attributed to the Agreement on Agriculture and that therefore members were not responsible for implementing the decision. In concurring with this argument, the powerful members of the WTO reneged on their commitment to assist poorer countries that faced difficulties under the new trade rules.

Another significant deviation from the AoA commitments by Northern countries is in the area of export dumping or exporting goods at prices below their cost of production. The United States (U.S.) government, through a complex system of loan guarantees, deliberately sets domestic farmgate prices at far below the cost of production for many commodities. Due to its large share of the global market, U.S. prices for commodities tied to government loan rates have historically set the global market

price for these commodities, as traders and processors compete for supplies. As U.S. farmers struggle to stay in business, in part buoyed by enormous payments from government that come at the whim of Congress on an annual basis, they produce more commodities to maintain their net income and make their debt payments, adding to surpluses that further depress global market prices. Meanwhile, U.S. producers and grain traders have cheap supplies to turn into expensive food or to take around the world for sale. Increasing domestic supplies have caused the US government to double the amount of export subsidies it gives to companies to clear domestic markets while also increasing export dumping via so-called "food aid". This results in developing countries inability to compete in the world market, pushing small farmers out of production and further increasing dependence on food aid. Local long-term food security suffers again.

The AoA is a strange piece of legislation in many ways. It is largely about special and differential treatment for rich countries, although the concept exists to protect smaller and weaker members of the WTO. The agreement locks in practices in the U.S. and the EU that are detrimental to "free trade" and prohibits certain actions by developing countries that would be to their economic advantage and help insure national food security (such as investing in agriculture to stimulate the area of economic

activity where the majority of their population is employed).

The realities of the AoA exemplify the negative impacts our current trade based globalization has on food security. Food security is too important to be driven by the quest for international market share. We need to shift from trade based food security (which has inherent inconsistencies) to policies that promote nationally decided food sovereignty. This does not mean each nation putting their head in the sand and cutting off trade with one another. Instead it means working together in a more equitable way to establish rules of interaction that are flexible to accommodate the different contexts of Southern countries and incorporate the range of dimensions that are linked to food security. This shift away from a trade based food security is a central component to ensuring that all members of the future generation have access to an adequate, stable food supply which is healthy and culturally appropriate and promotes the well being of their community and the environment.

Understanding the global trade rules affecting agriculture provides an important context for analyzing the impacts of genetic engineering on developing countries. The current rules governing world trade in agriculture do not auger well for those concerned about the further erosion of locally-controlled sustainable agriculture and food security through the dissemination of genetically engineered seeds.



## ...And Not a Drop to Drink !

### **World Water Forum Promotes Privatisation and Deregulation of World's Water**

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"Today, companies like France's Suez are rushing to privatize water, already a \$400 billion global business. They are betting that H<sub>2</sub>O will be to the 21st century what oil was to the 20th" - Fortune Magazine.

The privatisation of water has a long and complicated history, even going back as early as the mid-nineteenth century when Napolean III privatised water services in France. While many municipalities and communities have or are currently experimenting with different policies regarding water services, privatised water still accounts for only 10% of the world's water utilities. However, water privatisation recently got a big boost at a meeting of government ministers, representatives from the World Bank, the United Nations, and CEOs from some of the world's largest water and water-related corporations. The 2nd World Water Forum held on March 17-22, 2000 in Den Haag, the Netherlands provided just the political impetus these institutions needed to accelerate the process of global water deregulation and privatisation further into the corporate sphere.

#### **Making Water Everybody's 'Business'**

The World Water Forums are the triennial meetings of the World Water Council - an international -tank with considerable influence in

the world of international water politics. After the 1st World Water Forum in Marrakesh,

to "contribute to changing our world water future." The title of the vision document perhaps

*Those advocating privatisation of water world over, would make us believe that on one hand shortage of water, and on the other the inefficiency of public sector has made it imperative to privatise and price water at higher rates. To monopolise water and huge profits generated from it, several organisations (such as World Commission on Water (WCW), World Water Council (WWC), Global Water Partnership (GWP), Suez-Lyonnaise des Eaux, World Bank) joined hands to form World Water Vision. On the face of it, these organisations have separate identity but effectively they are one. They serve each others' interests. Each one of them leaves crucial space for other ones.*

*The key position is the whole process are firmly in the hands of very few people, holding positions in the various key organisations :*

- ◆ *Ismail Serageldin in Vice President of the World Bank, Chairman of WCW, Chairman of CWP and CGIAR, and has campaigned for the leadership of UNESCO.*
- ◆ *Rene Coulomb, former Director of Suez-Lyonnaise des Eaux, is Vice President of WWC, Member of the GWP Steering Committee and Member of the Water Academy (Specialists' College).*
- ◆ *Ivan Cheret, Senior Advisor to the Chairman of Lyonnaise des Eaux, is also a member of the GWPTAC and the Water Academy (Specialists' College).*
- ◆ *Margaret Catley-Carlson, WCW Member, is also Chairman of the Suez-Lyonnaise - sponsored Water Resources Advisory Committee and former President of CIDA.*
- ◆ *Kader Asmal, WCW Member, is also Chairman of the World Commission on Dams, a joint initiative of IUCN and the World Bank, and one of the 'patrons' of the GWP.*
- ◆ *Of the total 85 individuals and groups who contributed to the December 1999 draft World Water Vision Report, at least 66 were linked either to the organisations involved in the Vision, multinationals or bodies sharing the same views.*
- ◆ *Contributions external to this close circle of organisations remained marginal. There was no contribution from trade unions or consumers' associations.*

Morocco in 1997, the World Water Council initiated its 'vision exercise' known as the "Long Term Vision for Water, Life and Environment in the 21st Century" - or "World Water Vision." The vision exercise, according to World Bank Vice-President and Chair of the World Water Council, Ismail Serageldin, was intended

alludes to the changes Serageldin is referring to - "World Water Vision: Making Water Everybody's Business." To "guide the World Water Vision exercise," in 1998 the Council created yet another entity called the World Water Commission. This Commission includes some high profile corporate and neo-liberal

personalities including: Suez Lyonnaise des Eaux Chair, Jérôme Monod; founder of the greenwash body, Business Council on Sustainable Development (now known as the WBCSD), Maurice Strong; former World Bank President, Robert S. McNamara; President of the Inter-American Development Bank, Enrique Iglesias; CEO of the World Bank/UN Global Environment Facility, Mohamed T. El-Ashry; and Ismail Serageldin as Chair.

### **Skewed Vision**

The World Water Commission claims that the vision document is the result of 18 months of an "extraordinary participatory exercise," involving "thousands of men and women." However, close examination of the Commission's methodology reveals a different picture. The bulk of input into the vision exercise came from participants and groups attending the myriad of water-related conferences over the last one and a half years. While these conferences took place in various parts of the world, the majority of the participants to such events were mostly technical advisors, academics, water 'experts' and members of large development agencies and NGOs. People most directly affected by water crises around the world were often marginalised in such events. Urban slum dwellers, rural villagers, people afflicted by water-borne diseases, victims of World Bank-funded hydro-electric dam projects or those suffering from floods and

droughts, have had almost no input into the 'vision exercise'. Yet, despite this, Serageldin refers to the vision as being reflective of "all stakeholders."

### **A Look at "All the Stakeholders"**

Despite Serageldin's claims of being inclusive of "all stakeholders," a handful of organisations controlled and dominated the vision process. Chief among these were the World Water Council (WWC), World Commission on Water for the 21st Century (WCW), Global Water Partnership (GWP), World Bank, and the French water giant Suez Lyonnaise des Eaux. Key positions in these organisations were also dominated by only a few key individuals, such as Ismail Serageldin who chaired all three water groups and served as Vice President of the World Bank. No less than four people from top positions in Suez Lyonnaise des Eaux held influential positions in the different groups. Of the 85 individuals and organisations who have contributed to the December 1999 draft of the World Water Vision document, only 19 did not have any direct links to one of the groups driving the vision process.

### **A Free Market 'Framework for Action'**

While the Council and its offspring, the World Commission on Water for the 21st Century, provided the 'vision' for the Water Forum, it was left to their sister entity, the Global Water Partnership to develop and guide the Framework for Action. This

document suggests actions that governments should take to implement the Vision. The report includes some very controversial recommendations familiar to many who have been following trends in international trade and investment negotiations.

These include calls for: full liberalisation and deregulation of the water sector; 'national treatment' whereby transnational corporations should be given the same treatment as local enterprises and/or public authorities; transparency in government procurement of water contracts; trade facilitation - where governments should be more service-oriented to the private sector; and privatisation as much as feasible with mixed public-private partnership agreements being the next best thing. Other recommendations include the removal of all price and trade distorting subsidies; dispute settlement over water issues; promotion of agricultural biotechnologies; protection of property rights over water resources; and alarmingly reminiscent of the infamous Multilateral Agreement on Investment (MAI), a demand for a "stable and predictable investment climate" which would reinforce "investor rights."

All of the above recommendations and more are detailed in the Framework for Action, though coloured in terminology all too similar to the rhetoric traditionally used by many NGOs. Children's crayon drawings and the many

references to gender, community empowerment, and land reform, help to paint what are far-reaching proposals to expand and reinforce corporate power over the world's water supplies in a more positive and acceptable light. While some of the proposals outlined in the report, could potentially be helpful in mitigating global water problems, they are largely undermined by what Ismail Serageldin describes as a future with the "private sector acting as engines of transformation on the ground."

While the Vision and Action documents provided the core analysis to the delegates at the Forum, and to the concluding official Ministerial Conference attended by over 100 of the world's environment and development ministers, some other well choreographed initiatives helped to cement corporate concerns firmly into the Water Forum agenda.

### **CEOs Take a Stand**

In the showroom area of the conference (the World Water Fair), corporations such as Nestlé, Suez Lyonnaise des Eaux, Unilever, and Heineken showcased their efforts to promote sustainability and water efficiency, while their CEOs addressed the assembly demanding that water be recognised as an economic good rather than as a human right. In fact, all the Forum rhetoric focused on human 'needs' as opposed to a concept of human 'rights', consistent with the World Water Vision in which the concept of water as a human right does not appear.

This emphasis away from discussion of human rights complemented with the following Ministerial Meeting declaration's recognition of water as an economic good proved to be a major ideological victory for the corporations seeking inroads into the water market.

Another ideological victory that was won by the private sector and neo-liberal minded government officials at the Forum was official recognition of the importance of public-private partnerships (PPPs) in the water sector. Public-Private Partnerships, whereby government and industry cooperate on a project (usually a public service), constitute a small percentage of the makeup of the world's water management systems.

However, in light of the outcomes of the conference, this may very well increase in the next few years. Numerous documents and workshops and individual speeches throughout the Forum all spoke of the successes of existing Public-Private Partnership models and the promises they bring. The rationale offered for these partnerships was that 'cash-strapped' governments, mostly in the South, cannot afford the necessary infrastructure and services necessary to provide water services to their populations.

Not once was it suggested that governments cannot afford to invest in their water services, because they are recovering from financial crises, asphyxiated by IMF-

imposed structural adjustment programmes, and 'cash-strapped' because they are forced to spend a huge percentage of their annual budgets on servicing debts to donor countries and multilateral financial institutions.

### **Activists Challenge the Water Forum Consensus**

However, not all was rosy for the conference organisers. Many groups did their best to raise a critical voice to the whole process. In one session on Public-Private Partnerships, a Filipino member of a public sector union in Manila, stood up in the audience and displayed a sample of Manila tap water after one such partnership was implemented with Lyonnaise des Eaux. The yellow-brown water held aloft in a small bottle proved to be quite an embarrassment for Jack Moss, marketing director of Lyonnaise des Eaux, who had just completed a dry presentation on the success of the Manila project - one of the largest water privatisation projects to date.

Some members of Los Solidarios con Itoiz, a group seeking to stop the construction of the Itoiz dam in the Basque country, managed to interrupt the opening ceremony with a well organised action including a banner drop inside the main hall, a chorus of protest from the audience, and a 'naked truth' action on stage demanding "No Profits from Water" and "Stop Itoiz Dam". The protestors were jailed for three days, most likely because of the

embarrassment it caused the Dutch government and particularly Prince Willem Alexander who served as convenor for the Forum. Members of Public Services International, the Council of Canadians, the Nepal-based International Institute for Human Rights, Environment and Development, and others also made numerous interventions throughout the conference, yet much of what they said fell on deaf ears. It didn't take long to figure out that the conclusions of the Forum were not the product of open discussion at the conference, but were worked out long ago. In that respect, the Forum itself served more as a high-profile PR event to highlight those foregone conclusions rather than the forum for open debate it was promoted to be.

To the casual observer, the event would have been indistinguishable from any of hundreds of similar high-level international meetings whether it be a World Bank annual meeting, a corporate AGM, or an arms fair. Yet, the grey suited mostly male delegates were not besieged by thousands of protestors this time round. According to public sector trade union federation, Public Services International, the Water Forum was very much "business as usual."

Water, a resource essential to human survival, has long proven difficult and controversial for corporations, as recent mass protests in Cochabamba, Bolivia illustrated. There, people suffering from a dramatic rate hike in water services after a controversial privatisation

agreement was made between the local municipality and San Francisco-based Bechtel Corp., refused to accept it. Soon after it emerged that the privatisation was a condition placed upon the Bolivian government by the World Bank. The protests forced the government to reduce the water rates and reevaluate the contract with Bechtel, and sparked off a massive public debate about democratic decision-making and accountability. The uprising sent a chill down the spine of Bechtel Corp., and other water giants keen on penetrating new markets. However, with the ideological and political backing of the world's governments, politicians, and institutions such as the World Bank and the UN behind them, corporations may now find things have just gotten easier.

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## **Privatisation of Water**

*Dilip Upadhyaya*

As reported earlier (Lok Samvad, August 2000), the protests in Bolivia against privatisation is continuing. In the fresh bout of violence, 11 protesters were killed by the security forces. Bolivian campesinos, teachers, students, coca growers (cocaleros) and people from other walks of life stepped up coordinated actions. Massive demonstrations took place in the cities and road blockades were erected throughout the length and breadth of rural areas of Bolivia.

Two years back, the World Bank (whose official attends Bolivian government cabinet meetings as a full participant) turned down the Bolivian government's request to guarantee a US \$25 million loan to refinance water services in Cochabamba (Bolivia's third largest city), unless the government sold the "public water system to the private sector and passed the costs on to consumers". Only one bid was considered, and the public utility was sold to Bechtel, an engineering conglomerate which had been implicated for displacing 1.3 million people in the notorious Three Gorges Dam in China. In January 1999, the company announced the doubling of water prices which meant that for most Bolivians, water would cost more than food and for the poor it meant terrible economic hardships. To cap it all, the World bank "granted absolute monopolies to private water concessionaires, announced its support for full-cost water pricing, pegged the cost of water to the American dollar and declared that none of its loan could be used to subsidize the poor for water services. All water,

even from community wells, required permits to access, and peasants and small framers even had to buy permits to gather rainwater on their property" (Maude Barlow).

There was intense debate on the water privatisation move which occurred in the aftermath of privatisation of transportation, electrical utilities and education for the benefit of foreign corporations. But in no time, the animated debates took the form of a general strike and protest movement which was brutally suppressed by the security forces. The government had to backtrack and Bechtel was asked to wind up its operations. International support for the Bolivian peoples' struggle soon gained momentum when a picket was organised in front of the Bolivian Consulate in Auckland. As a high point of the protest action, the fire engine belonging to Water Pressure Group was used to hose high pressure water into the property of the Bolivian Consulate. This was a symbolic gesture of water being basic to all communities.

As the demand for clean water is doubling every 20 years (which is twice the rate at which the world's population is growing), a well-orchestrated move is underway by global corporations to privatise water worldwide and cash in on the crisis. The emergence of water scarcity has caused global corporations and financial institutions to conclude that water is best treated as a commodity to be bought, sold and traded in accordance with market principles. Plans are afoot to carry out large-scale water exports from the developing countries to the developed ones, so that the developed countries do not face a water crisis. In 1998, many citizens' groups and peoples' movements joined forces to stop the bulk export and privatisation of Canada's fresh water. Canada, in fact, holds over 20 per cent of the world's fresh water supplies. Besides, some of the Liberal members of the Canadian parliament are promoting the GRAND Canal project, which would entail massive water diversion of Canadian fresh water to the US. A Canadian company, Global Water Corporation, has signed an agreement with Sitka, Alaska, to export 18 billion gallons per year of glacier water to China, where it will be bottled and re-exported to US to save on labour costs.

The IMF has been assiduously prescribing water privatisation as one of the requirements for its loans. In Africa, Mozambique and Kenya, among other countries, have been compelled to privatise their urban water services and to hand them over to multinational companies. Such a trend imposes an extra burden on the people to pay for the multinational projects at a time when the countries are supposed to be benefiting from debt relief. Even the World Bank and the UNDP are advocating a policy of water privatisation and full-cost water pricing. According to these institutions, consumers are "willing to pay but governments are unwilling to charge".

Between 1984 and 1990, developing countries awarded contracts for only 8 water and sewerage projects to private companies. The private capital investment in these projects was US \$ 297 million. Since 1990, private participation in the water sector has witnessed an upward graph. The number of private water projects reaching financial closure increased more than tenfold between 1990 and 1997, though private investment is still small relative to public provision in the water sector. By the end of 1997, private companies operating in developing countries had reached financial closure on US \$25 billion of investment in water and sewerage projects. In total, 97 projects had been implemented in 35 developing countries, ranging from management contracts to leases, concessions, divestitures, and greenfield build-operate-own (BOO) or build-operate-own-transfer (BOOT) arrangements.

A regional breakdown of private sector involvement in the water and sewerage sector shows a concentration of projects in Latin America, the Caribbean and East Asia and the Pacific. Europe, Central Asia, the Middle East and North Africa have small but growing private involvement in the water sector. No country in South Asia has yet awarded a water or sewerage contract to the private sector, but a number of proposals are being considered, for example, in Tirapur (India) and Karachi (Pakistan).

Currently, privatisation of water and sewerage utilities are underway in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela,

Dominica, Mexico, Puerto Rico, Trinidad and Tobago, India, Indonesia, Malaysia, Philippines, Australia, Fiji, New Zealand, France, Germany, Italy and the UK.

In India, the Ministry of Environment has estimated that US \$ 65 billion would be required in the water and wastewater utilities sector in the next ten years. The earliest private projects in this sector could not be commissioned due to various bottlenecks. The Krishna Water Supply Project for Hyderabad (AP) was - after many rounds of negotiations - rejected by all bidders as "economically unfeasible". Till 1997, none of the water and sewerage privatisation projects could be brought to successful conclusion. To attract private investors, the Government of India is offering special incentives like exemption from customs and excise duties on imported machinery and exemption from all taxes for the first five years of water and sewerage projects.

However, as of September 1998, three projects were making progress : one to supply 178 million gallons of water daily for industry to the port of Vishakhapatnam (AP); the second one to bring 60 million litres daily to industry in Dewas (MP); and a third one to provide 165 million litres daily for general use to Panjim (Goa).

Financial institutions controlled by the government are making efforts to promote privatisation of this sector. In late 1998, these financial institutions took the decision to clamp strict project financing norms for state governments so that they make full-cost recovery. These institutions are insisting that state governments have to agree to raise water tariffs every two years to become eligible for credit. Karnataka and Rajasthan have already given their assent to this precondition. The most extensive series of water privatisation projects have been envisaged in the state of Karnataka. In August 1998, the Karnataka Urban Water Supply and Drainage Board signed an agreement with the Anglian Water International (AWI) of UK, to "provide improved water and wastewater services to the urban population and develop these services on a self-sustainable basis in the medium to long term, thus reducing the financial burden on both the municipalities and the state". The project involving AWI will initially include the cities of Belgaum, Hubli-Dharwad, Mangalore and Mysore. A separate tender would be floated for the city of Bangalore. The water and sewerage projects of the city would be implemented by private firms and the funding would be made available by the state government, financial institutions and foreign aid. The state government is also making efforts to attract potential bidders for another project (estimated costs US \$180 million) which will improve the existing water and sewerage networks of Bangalore on a rehabilitate-operate-transfer basis.

Another major privatisation project is taking shape in the city of Pune (Maharashtra). The municipality is going full steam for privatisation of the entire system and is trying to attract a consortium with mixed Indian and foreign ownership. The project objectives include privatization of leak detection and billing in order to reduce losses through leakage and unpaid bills.

In Chennai (Tamil Nadu), the Metropolitan Water Supply and Sanitation Board (MWSSB) has been contracting out sewage pumping plants for three years since 1994. Later on, the MWSSB privatised the operation and management of all its treatment facilities.

In Tirapur, the private sector has been asked to build a water supply network where previously none had existed. The project is expected to be brought to conclusion by 2002. The water supply network is expected to provide 200 million litres of water daily, and will cost approximately US \$200 million.

Besides, a host of rural water supply and environmental sanitation projects are currently running in the rural areas of different states of India. Mention must be made here of the Kerala Rural Water Supply and Environmental Sanitation Project; Uttar Pradesh Rural Water Supply and Environmental Sanitation Project (The Swajal Project) and the Punjab Water Resources Management Project. All these projects being implemented in the rural areas insist that consumers should pay user-fees. These projects, as experience shows, have envisaged that the functions of operations and management should be carried out by the communities and NGOs. And the catch is, once the

communities and the NGOs fail to satisfactorily carry out the designated tasks, private corporations would step in to perform the above functions. In other words, through these rural water and sanitation projects, the international lending agencies like the World Bank and the IMF are actually laying the groundwork for privatisation in future. In fact, one of the World Bank documents states that "progress toward privatisation of the sector (water and wastewater utilities) in India will be slow, due to the inconsistencies within the bureaucracy, the powerful political pressures, and the sheer size of the country. Nevertheless, privatisation tends to be contagious; now that it has made inroads in a few areas, it will likely diffuse, eventually, throughout the entire country".

Let us now briefly examine some privatisation projects in the global context and recount the adverse impact caused by them.

- ◆ In the UK, Margaret Thatcher's government privatised the water system in England and Wales in 1989. Under a regime of private management, the utility charges were hiked to more than double when they were a public utility; unrepaired water mains lost up to 37 per cent of the water they carried, and the salary of the water companies' highest paid director increased sevenfold. The water companies' profits increased by a whopping 692 per cent, but "they still broke into people's homes to put pay-as-you-go meters on their taps".
- ◆ Suez Lyonnaise des Eaux (LDE), one of the world's largest water companies, supplies water to over 68 million people worldwide. In 1995, Grenoble, France, was rocked by a corruption scandal involving LDE and city officials.
- ◆ In Sydney, Australia, LDE delayed telling residents for nine days that it was necessary to boil their tap water due to an outbreak of harmful parasites in the city's water supply.
- ◆ In UK, the British Broadcasting Corporation (BBC) investigated a whole range of issues from the sharp rises in water charges since privatisation, to the amount of water lost every day through leakage and how water consumption in England and Wales compared with other European countries. The study found that "households in England and Wales are now paying an average of 44 per cent more for water and sewerage services than they were before privatisation. Companies have seen their profits increase tremendously over the years with Thames Water on top". The study found that some top-niche companies like Thames Water happen to be "leakiest" companies in England and Wales and most of them had a huge increase of 35 per cent in its leakage levels.
- ◆ In many parts of the world, in recent years, when water privatisation became an electoral or popular issue, the proponents of privatisation have either lost the election, or were forced to withdraw their proposals. In 1995, in Lodz, Poland, the political party backing water privatisation lost the municipal election after a public campaign on the water issue. In 1999, in Panama, the presidential election was won by a candidate who opposed her predecessor's plan to privatise water. Montreal city had to abandon its plans to privatise its water system after a public campaign was carried out throughout Quebec. The city municipality of Lodz, Poland, discovered that it could finance a new sewerage treatment plant far more cheaply by raising money directly from the Polish National Environmental Fund as compared to the cost of the proposal made by the multinational corporation, Vivendi.

There are two ways in which the environment can be adversely impacted through privatisation of water. As expenditure on safety is cut, it results in pollution and environmental damage. Secondly, the water corporations, in their unbridled zeal to enhance profitability resort to excessive abstraction and consumption of water. We are here summarizing some of the environmental disasters caused by pollution and excessive abstraction of water resources.

## Pollution

- ◆ In Puerto Rico, whose water system was run by Vivendi, a serious environmental disaster occurred. Residents have sued the administration and the multinational Vivendi for allowing a reservoir to overfill which burst during the hurricane.

*Cont. page.. 24*

## Facts Speak for Themselves

### The French Model in France - Auditors' Report 1997

In January 1997, the official audit body of France, the Cour des Comptes, produced a report on "Local Water and Sewerage Services" (available on the internet). It included a series of damaging criticisms:

**Lack of competition :** "repeated use of the negotiated procedure, nearly always with the same companies" and "a tendency to extend existing contracts" without subjecting them to tender, which has created "substantial profit margins".

**Lack of transparency :** "The lack of supervision and control of delegated public services, aggravated by the lack of transparency of this form of management, has led to abuses" - in one major city, Metz, the private water company did not submit any accounts to the city council for 20 years; in Bandol-Savary (near Toulon) a Vivendi company charged the council twice over for the same treatment, every year.

**Corruption :** There have been criminal convictions for corruption of executives of both Suez-Lyonnaisse (at Grenoble) and Vivendi (at Reunion, and Angouleme).

**Price rises :** Water prices have risen at an average rate of 10% per year in France since 1992, but most of all where water has been privatised. The companies claim that most of this is due to the heavy investments required, but the report found many cases where price rises had no possible link with investments : "The increase in prices has to be seen in relation to the privatisation of services".

**Unequal power :** The report repeatedly emphasises the disparity between the local authorities and the three giant companies. The system "left elected councillors on their own, without support, to deal with conglomerates wielding immense political, economic and financial power"

### Public Guarantees and Private Control - Unequal Public-Private-Partnerships

The most favoured current version of privatisation is the 'Public-Private-Partnership' (PPP). This is sometimes just a euphemism for privatisation, but it is used more specifically to refer to formal 'joint ventures' between public authorities and multinationals. The advantages are supposed to be that the involvement of the public authority ensures public accountability and control, while the private sector partner handles the financial risks.

In practice, the opposite happens. EMOS, the water company in Santiago, Chile, was privatised in 1999 to Suez-Lyonnaisse, which appoints 4 out of 7 directors of the board, giving it a guaranteed management control, despite only holding 42% of the shares. And the state is guaranteeing EMOS a profit margin of 33%.

The same imbalance can be seen in all the water joint ventures in central Europe. In 1997, with one exception, the multinationals held effective control over the management of all of the companies - even when, as in the case of Budapest water, the municipality owns 75% of the company. Contracts there also contain clauses under which the municipality guarantees the company against losses.

Country	Location	Multinational	Per cent Owned By		Members of Management Board Appointed By	
			Private	Public	Private	Public
Czech Republic	Brno	Lyonnaise des Eaux	49	51	3	3
	Ostrava	Lyonnaise des Eaux	65	35	3	3
	Karisbad	Lyonnaise des Eaux	49.9	47	3	2
	North Bohemia	Hyder	80.6	19	7	0
	South Bohemia	Anglian Water	53	47	3	4
	Plzen	Generale des Faux	98.3	1.7	3	0
Hungary	Pecs	Lyonnaise des Eaux	48	52	(All)	0
	Budapest (water)	Lyonnaise des Eaux/RWE	25	75	4	3
Poland	Gdansk	SAUR	51	49	3	3

## We Are Not Alone

*(In the last issue of Lok Samvad, we had published brief report of peoples' movements against forces of globalisation. Following are few more reports. They confirm that we are not alone in the struggle against globalisation.)*

### Brazil

Over the last few years, Brazil has experienced a series of financial crises. These arose out of the government's pursuit of the 'Real Plan' - a programme that relied on austerity measures, dismissals of public employees, privatisation and budget cuts in order to pay for the massive borrowing spree of the government and private banks that the US and other western countries had encouraged. Not surprisingly, the programme did not work. Debt servicing only increased, millions of Brazilians were thrown into poverty and the entire economy became dependent on the speculative whims of western bankers and speculators. When these "investors" decided to pull capital out of the country (capital that had been generated by the sacrifices imposed on the people), the government caved in to another round of IMF-sponsored intervention to "rescue" the economy.

This has meant further "liberalisation" of the Brazilian economy, with privatisation of public assets and resources being the main vehicle used to achieve the "stability" so desired by the western capitalists. Now, more than half the population is living below the poverty line and the government has little control over economic decisions. The response of the Brazilian masses has seen increased mobilisation at all levels of government in order to reverse the policies of privatisation that have impoverished millions and turned the government into a department. Several state governments have refused to

transfer funds to the central government, a huge landless people's movement has mobilised to take back privatised land and regular mass demonstrations by workers take place to exert popular pressure on the central government to reverse the selling off of a nation. The struggle has just begun!

### Argentina

Beginning in the early 1990s, the Argentinian government embarked on a huge privatisation programme, selling off most major publicly-owned utilities such as electricity and water. Despite opposition from unions and other working class forces, the government continued to pursue its privatisation agenda in conjunction with western corporate capital and local economic elites. One of the utilities that was sold off was the Buenos Aires electricity provider. It was sold to Edusur, a privately owned multinational based in Chile. It came as little surprise that this move resulted in rising prices and limited service provision to poorer communities in Buenos Aires, but few expected the 10-day electricity blackout that occurred earlier this year as a result of poor infrastructural maintenance and development. As a result, over 500 000 people were left without water or electricity at the height of summer, causing serious social and financial chaos. The masses of Buenos Aires took to the streets and demanded that the privatisation be reversed, a move that the government is now seriously considering. Businesses have sued Edusur for over R45 billion and it is facing a fine of

R500 million. So much for the efficiency of privatisation!

### Europe

In 1990 the European Union (EU) set up a special commission to liberalise electricity across Europe. It proposed to break-up state electricity utilities into companies which could then be sold off to the private corporations. Since the process began, over 250000 jobs have been lost and, it is estimated that another 250000 will be lost in the next five years if the programme continues unabated. Workers from across Europe have attempted to fight off such attacks but have been hampered by lack of Europe-wide solidarity. That is beginning to change - the European Union of Public Services Unions is coordinating a massive day of action on 11th May.

It is hoped that this continental struggle will stem the job losses and catalyse wider opposition to the privatisation agenda of big European capital and their counterparts in governments.

### Ecuador, Puerto Rico, Panama

The last few months have seen mass demonstrations and protests taking place in all of these countries, in response to their respective government's austerity programmes. All of these austerity programmes have been driven by a privatisation agenda - privatisation of public resources and basic services that benefit a few local elites and their banking/corporate masters in the West. In Ecuador and Puerto Rico, mass

strikes have paralysed the country on more than one occasion since the beginning of the year and unions have vowed to reverse the privatisation that is, literally, killing their countries and enriching a few.

## Nigeria

For many years now, the military government of Nigeria has used public resources to steal billions of rands for their own enrichment. Essentially, public utilities have been the private companies of successive military regimes and those that have attempted to expose and resist have been killed, detained or constantly harassed. Now that the military regime of General Abubakar has agreed to hand over the reins of government to the winner of recent elections - Olegusan Obasanjo - it has been trying to "officially" privatise most of the major public utilities, including Nigeria's massive oil resources. Fortunately, Obasanjo, backed by numerous social movements and civic organisations has been resisting these attempts to complete the raping of a nation. Abubakar and his cronies have been forced to retreat from their intended privatisation programme, but it remains to be seen whether Obasanjo is committed to a sustained return of public resources to a democratic government and their responsible use.

## India

Around 82,000 Uttar Pradesh state electricity workers took part in a strike against the state government's move to split the Uttar Pradesh State Electricity Board into three corporations as a first step to its privatisation.

The electricity workers and

engineers were not fighting for any economic advantages for themselves but were concerned about the threat to national interests if privatisation were to go ahead.

The focus was on the anti-people, pro-big business agenda of the Indian Government.

The Government is determined to implement the so-called "reforms" being imposed by the World Bank for the benefit of overseas and local big business.

The Government's response to the electricity workers' strike was brutal suppression.

More than 10,000 workers and engineers were arrested, and military engineering personnel were deployed to man power stations.

Workers' families were terrorised and water and electricity supplies to their homes were cut.

Reports from various districts described police and army actions against workers' families - they were made to stand in the open in severely cold weather.

Trade union officers were raided and papers and documents removed.

Solidarity actions took place all over the country and tremendously boosted the morale of the striking workers. As a result of the strike the Government has agreed to defer its move of privatisation.

## Other Protests

Electricity workers were not the only ones to protest against government policies.

Port and dock workers' protests against new hardships being imposed on them by current economic policies virtually

paralysed activity in all Indian ports.

The National Platform of Mass Organisations (NPMO) which consists of the seven central trade unions, industrial and employees' federations, and organisations of peasants, agricultural workers, students, women, professionals of various affiliations held a national convention at the end of January.

The NPMO unanimously adopted an action program which among other things calls for a huge rally of mass organisations before parliament on March 9, 2001.

The organisation expects about one million people to take part in the rally.

The NPMO convention appealed "to all patriotic and democratic sections of people from all walks of life irrespective of affiliation, to join the initiative and program of NPMO en masse, to cry halt to the anti-national policies of the government and save the country's economy and its people from disaster".

## And the Rest of the World

The ongoing struggles against privatisation that are being waged across the globe, are too numerous to mention here. But, there are millions of people who are resisting the imperialism of western governments and multinational corporate capital, alongside struggles against their own national political and economic elites. While many of these struggles are well advanced, others are taking place under extremely oppressive conditions. It is imperative for all progressive people to extend internationalist support and encouragement to these important struggles!

*(The Guardian)*

## **From page...20**

- ◆ Between 1989 - when water was privatised in England and Wales - and 1997 there were over 250 convictions of UK water companies for pollution related incidents.
- ◆ Vivendi's Generale des Eaux was convicted in 1994 for supplying water for a year and a half which was unfit for human consumption due to excessive nitrates and pesticides.

### **Excessive Abstraction**

- ◆ Private operators are indulging in bulk water supply schemes with 'take or pay' contracts, which guarantee profits by requiring *consumption of water regardless of need*. One such example is the water supply BOT in Chengdu, China, involving Vivendi, and financed by the Asian Development Bank.
- ◆ In the Aftermath of the 1989 privatisation of water in England and Wales, 20 water courses dried up in a few years because of over-abstraction. In 1998, Essex and Suffolk Water, a subsidiary of Suez-Lyonnais des Eaux was convicted for illegal over-abstraction of water at five sites over a three-year period. "The company admitted 27 charges of illegal extraction and asked for 233 other offences to be considered" (*Water News*, 14/08/98).

What must be emphasised here is that water is a social rather than economic commodity. Water is one of the most emotive, sensitive issues in the privatisation debate primarily because "water is a staple of life". Water for profit means people who cannot pay will have to go without this 'elixir of life'. Trading water and privatising water services will never ensure that water is provided to everyone. Some services by their "very nature cannot be profitable at the same time as meeting universal provision and equity goals. Private enterprise, being motivated solely by the profit motive and operating on a 'user pays' basis, cannot offer the same quality of service or provide them on the basis of universality and equity" (Public Services International Report). Regarding water, public sector operation and management has clear advantages in terms of accountability, transparency, public service and costs. As water is "continually cycling in the environment, it cannot be 'owned' and marketed in the traditional way. For purposes of allocating and protecting it, water should be considered a *public trust* rather than an economic commodity" (PSI Report).

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