

Brussels, October 17<sup>th</sup> 2012

To:

Olli Rehn, Vice-President of the European Commission and member of the Commission responsible for Economic and Monetary Affairs and the Euro

CC:

José Manuel Barroso, President of the European Commission  
Michel Barnier, Commissioner for Internal Market and Services  
Janez Potočnik, Commissioner for the Environment  
Laszlo Andor, Commissioner responsible for Employment, Social Affairs and Inclusion  
Richard Seeber, President of the European Parliament's Intergroup on Water  
ALDE, EPP, GREENS-EFA, GUE, S&D groups

Dear Commissioner Rehn,

Thank you for your reply to our letter of May 15<sup>th</sup> 2012.<sup>1</sup> Despite the urgency of the issues we raised, the reply came after four months of reminders to your services and only after we indicated that we would complain to the European Ombudsman if a response was not received soon.

In our letter, we asked the Commission to stop demanding the privatisation of municipal water systems in countries receiving rescue loans in the context of the sovereign debt crisis. Our letter made clear that the privatisation loan conditions imposed on these countries by the European Commission<sup>2</sup> are economically, socially and democratically flawed.

Your response is astonishing. Not only does it confirm that the Commission has indeed imposed water privatisation on these countries but it actually defends this as the Commission's preferred general policy for the water sector, implying this policy will continue. Your letter asserts a declaration of beliefs in the general virtues of the privatization of public water utilities, which is wholly unsubstantiated by facts.

Such ideological arguments are simply blind to reality. In 2010, the largest survey ever on water privatisation cases found that no cost savings could be attributed to privatisation in the water sector.<sup>3</sup> The privatization wave of the 1990s has long run out of steam, reversing the trend of private water companies expanding.<sup>4</sup> Negative experiences with privatisation have made many municipalities in Europe decide to bring back their water systems into public management.<sup>5</sup> Could you please indicate what evidence you have to support your position that water privatisation "has the potential of increasing the efficiency of companies and, by extension, the competitiveness of the economy as a whole, while attracting foreign direct investment"? Has the Commission explored the remunicipalisation trend and taken the lessons from these cases into account?

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1 <http://corporateurope.org/open-letter-eu-commission-water-privatisation>

2 As part of the Troïka, together with the European Central Bank and the International Monetary Fund.

3 Bel, Germà, Xavier Fageda and Mildred E. Warner 2010. "Is Private Production of Public Services Cheaper than Public Production? A meta-regression analysis of solid waste and water services," *Journal of Policy Analysis and Management*, 29(3): 553-577.

4 Hall D., Lobina E., "[Water companies and trends in Europe in 2012](#)", Public Services International Research Unit (PSIRU), August 2012.

5 See [www.remunicipalisation.org](http://www.remunicipalisation.org) and "[Remunicipalisation: Putting water back into public hands](#)", Pigeon M., MacDonald D., Hoedeman O., Kishimoto S., TNI/CEO/MSP, March 2012.

Strikingly, you fail to respond to our statement that imposing privatisation of water utilities “appears to be in violation of the EU's supposed neutrality on the question of public or private ownership and management of collective water services (article 345 TFEU and Art. 17 1 of the Directive 2006/123/EC on services in the internal market).” This is hardly a trivial matter and we would therefore expect the Commission to reply. Can you please explain to us what the legal basis is for the Commission’s policy of imposing water privatisation on EU member states?

Finally, you claim that: “the Commission will check that the privatisation process of water companies guarantees full access to water for all citizens.” This is far from convincing. The European Commission has so far refused to initiate legislation to implement the human right to water and sanitation, ignoring the July 2010 UN resolution on this right. You also have not created a framework to implement the Public Services Protocol of the Treaty. It is on this basis that we have recently launched an European Citizens Initiative to force the European Commission to take action to secure the right to water.<sup>6</sup>

Confronted with these worrying signs that the Commission has lost touch with reality, we can only re-state the conclusion of our previous letter: we ask you to guarantee that the European Commission withdraws its demands and refrains from any further pressure to impose water privatisation conditionalities on Greece, Portugal and any other EU member state. This pressure is flawed, undemocratic, at odds with the EU treaties and should be terminated immediately.

In concern,

Água é de todos (Portugal)  
Anne Le Strat, president of Aqua Publica Europea  
Aquatac  
ATTAC Hungary  
ATTAC Spain  
Berliner Wassertisch (Germany)  
Blue Planet Project  
Coordination Eau Ile de France  
Corporate Europe Observatory (CEO)  
Council of Canadians  
La Coordination Rhône-Méditerranée des Associations des Usagers de l'Eau (CRAUE)  
Ecologistas en Accion (Spain)  
European Federation of Public Service Unions (EPSU)  
Food and Water Europe  
France Libertés (France)  
Gemeingut in BürgerInnenhand (Germany)  
Ingenieros Sin Fronteras (Spain)  
Italian Forum of Water Movements  
Movement 136 (Greece)  
Transnational Institute (TNI)  
Wasser in Bürgerhand (Germany)  
Za Zemiata (Bulgaria)

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6 <http://www.right2water.eu>