WATER FOR ALL

CAMPAIGNING TO KEEP WATER AS A PUBLIC TRUST

MEXICO'S WATER FOR SALE?

French Multinational Wants Mexico's Water

Who is Suez? Suez, a French multinational, is one of the largest water and energy corporations in the world. In 2001, Suez earned $15.23 billion in revenue from water services and paid out $1.84 billion in dividends to stockholders. Suez is hungry to expand its North American market and Mexico is a key part of the strategy.

The Suez Strategy in Mexico. Currently the Suez water division, Ondeo, provides water and wastewater services to 7.5 million people in Mexico, about 13% of the population. In 2002, Suez claimed a key victory in their North American strategy when they acquired from Azurix (Enron's water subsidiary) a collection of new contracts in Mexico that will earn them US$70 million in annual revenue. Suez acquired the water services contracts for Cancun, a section of Mexico City, León, Torreón and Matamoros. According to Suez: *"The Mexican contracts are a key step toward consolidating Ondeo's leadership in North America, which represents the second priority market after Europe."*

Other Key Suez Contracts in Mexico. Suez has contracts in other cities in Mexico including Laredo, Saltillo, Aguascalientes, Puebla, Piedras Negras, Ciudad Acuna, Ciudad Juarez and Monterrey.

World Bank Pushes Water Privatization in Mexico

The World Bank has worked closely with Suez and other global water corporations to push forward the water privatization agenda. Numerous World Bank loans to Mexico have contained conditions mandating water ***privatization*** and ***full cost recovery***. ***Cost recovery*** is the World Bank's language for increasing consumer fees for water and removing government subsidies. It means the water utility should cover all of its expenses for operation and maintenance through collection of consumer fees, removing the need for government subsidy. In 2002 the World Bank approved a $250 million loan to the Mexican agency, CONAGUA, the National Water Commission. Part of the loan was used to create a program called PROMAGUA. PROMAGUA is part of an infrastructure financing fund that provides loans to municipalities to upgrade and expand their water systems if they negotiate public private partnerships (World Bank language for privatization), reform their state water laws, and impose full cost recovery.

In June 2003, the World Bank approved another loan for Mexico, the ***Mexico Decentralized Infrastructure Development Programmatic Loan Project.*** This loan will provide infrastructure services for eligible states. The first stage will include transport, water, sewerage, and housing. States will be eligible for loans from the Mexican development bank, BANOBRAS, if they meet conditions such as economically efficient pricing, self-sufficiency of the project through cost recovery, appropriate competition and regulatory framework, and enhancing the participation of the private sector. The sub-loans approved by BANOBRAS will require prior authorization by the World Bank.

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