



TAFTA: The European Union's Secret Raid on U.S. Public Water Utilities

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The United States and the European Union are secretly negotiating a trade deal that could make it easier for the world's biggest water companies to privatize our public water systems. The Transatlantic Free Trade Agreement (TAFTA) — officially called the Transatlantic Trade and Investment Partnership — could allow EU corporations to take over local government services like water and sewer systems in the United States.¹ Privatized water systems — including notable takeovers by European water companies — generally deliver worse service at higher prices.²

European Water Privatizers

The European Union is home to the world's largest water companies. The two biggest are from France: Veolia Environnement and Suez Environnement.³

Already, three of the five largest water companies in the United States are from the EU:

- Veolia Environnement operates as Veolia Water North America and is the second largest water company in the country, serving about 10.5 million people in 32 states.⁴
- Suez Environnement operates as United Water and is the third largest water company in the country,⁵ serving about 5.5 million people in 21 states.⁶
- Severn Trent, a British company, is the fifth largest water company in the United States, serving more than 3 million people in 22 states.⁷

Foreign Power Grab

TAFTA could smooth the way for these and other European companies to control more U.S. public water systems. The deal could give private water companies a powerful arsenal to use against local communities. TAFTA could undermine communities' ability to halt hostile privatization efforts, hinder attempts to reclaim water systems from EU corporations and make it harder to hold private water companies accountable.

The deal could allow EU water companies to challenge municipal decisions about owning and operating water utilities at

secret international tribunals. This nontransparent arbitration system leaves little room for appeal and has no respect for local and state law. An EU company could even challenge an unfavorable decision by a public domestic court in this private international venue.⁸ In effect, the tribunal would have the power to second-guess local rules and public safeguards on behalf of EU companies.⁹

An EU water company could hike its customers' water bills by challenging state oversight of utility rates.¹⁰ The companies could also seek monetary damages if a local government sought to compel improved service or terminate a private water contract prematurely.¹¹ This would make it much harder for U.S. communities to exit harmful water privatization deals or buy back their local water systems from EU corporations.

U.S. Experiences With EU Water Companies

EU water corporations have a dreadful track record in the United States. Communities have experienced everything from negligent customer service and system deterioration to water leaks and sewage spills.

Spilling sewage in the San Francisco Bay, Calif. In a 2008 lawsuit, the watchdog group San Francisco Baykeeper accused the Veolia-managed Burlingame wastewater treatment plant of illegally dumping more than 10 million gallons of wastewater into the San Francisco Bay over the preceding six years and of failing to report violations.¹² Baykeeper believed that

without court intervention, the city and Veolia would continue to violate the Clean Water Act.¹³ This followed a 2006 Baykeeper suit against the city of Richmond and Veolia for allegedly dumping more than 17 million gallons of sewage into tributaries that empty into the San Francisco Bay over the preceding three years.¹⁴ The watchdog said that the spill rates of the Veolia-run systems were among the highest in the state.¹⁵ Both cities settled with Baykeeper by agreeing to make multimillion-dollar improvements.¹⁶

Losing almost half of the water in Camden, N.J. In 2009, the New Jersey State Comptroller's Office issued a scathing audit of United Water's management and operation of Camden's water and sewer systems. The audit found that inadequate contract supervision and the company's poor performance cost the city millions of dollars and potentially jeopardized the health and safety of its residents.¹⁷ The system was losing 45 percent of its water,¹⁸ and inadequate upkeep of wells, tanks and other equipment posed potential health and safety risks.¹⁹

Neglecting system upkeep in Lee County, Fla. In 2000, after five years of poor service from British multinational Severn Trent, the Lee County commission voted unanimously to bring its water and sewer systems back under public control to make vital improvements.²⁰ County officials said that the company failed to do about 300 different maintenance tasks and that it would cost more than \$8 million to restore the neglected systems to the condition that they were in prior to privatization.²¹

Take Action

The Obama administration is seeking broad authority from Congress to "fast track" TAFTA and other free trade agreements. In order to stop TAFTA and protect our public water supplies, we must defeat fast track. Tell your Senators and Representatives to oppose fast track by going to: <http://www.foodandwaterwatch.org/global/global-trade/tpp-and-tafta-free-trade-with-a-high-price>

Endnotes

- 1 EU-US High Level Working Group on Jobs and Growth. "Final Report." February 11, 2013 at 6; European Commission. "Commission Staff Working Document: Impact Assessment Report on the Future of EU-US Trade Relations." March 12, 2013 at 13, 20 to 23 and 59; European Commission. "Public Procurement: Initial EU Position Paper." July 16, 2013.
- 2 See, e.g., Food & Water Watch. "Money Down the Drain: How Private Control of Water Wastes Public Resources." February 2009.
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- 4 *Ibid.* at 213; Food & Water Watch. "Veolia Water North America: A Corporate Profile." August 2013 at 1.
- 5 Pinsent Masons, 2012 at 213; "PWF's 17th Annual Water Partnerships Report." *Public Works Financing*, vol. 280. March 2013 at 12.

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- 8 Gerbasi, Jennifer and Mildred W. Warner. "Privatization, public goods and the ironic challenge of free trade agreements." *Administration and Society*, vol. 39, iss. 2. April 2007 at 138.
- 9 *Ibid.* at 136.
- 10 *Ibid.* at 136.
- 11 *Ibid.* at 133 to 138.
- 12 *San Francisco Bay Keeper v. City of Burlingame; Veolia North America Operating Service*. "Complaint for declaratory and injunctive relief and civil penalties." United States District Court of Northern District of California, February 11, 2008 at 16 to 23; Lagos, Marisa. "Burlingame being sued over sewage." *San Francisco Chronicle*. February 11, 2008; San Francisco Baykeeper. (Press release). "San Francisco Baykeeper is sick of sewage." February 11, 2008.
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- 17 Boxer, A. Matthew. Office of the State Comptroller, State of New Jersey. "A Performance Audit of the Management Services Agreement for the City of Camden's Water and Wastewater Collection Systems." (PA-06). December 16, 2009 at 1 and 5; New Jersey Office of the State Comptroller. (Press release). "State Comptroller finds Camden's mismanagement of water contract cost taxpayers millions." December 16, 2009.
- 18 Boxer, 2009 at 5.
- 19 *Ibid.* at 6 and 9 to 14.
- 20 Melsek, Lee. "County ends privatization of water, sewer, returns operation to staff." *The News-Press* (Fort Myers, FL). October 18, 2000; Melsek, Lee. "Audit questions savings." *The News-Press* (Fort Myers, FL). September 29, 2000.
- 21 Hoyem, Mike. "Lee: Firm owes \$8 million." *The News-Press* (Fort Myers, FL). May 5, 2001; The Association of Metropolitan Sewerage Agencies and the Association of Metropolitan Water Agencies. "Evaluating Privatization II: An AMSA/AMWA Checklist." 2002 at 28.

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