

# 5 reasons to say “no” to Veolia in Dae-gu and Gyeongbuk

As the world’s biggest water profiteer, the French multinational Veolia Environment has had to reinvent its corporate image several times over the decades because of corruption scandals, human rights violations and bad labour practices. Today, Veolia continues to seek new markets outside its traditional base in Europe. The company owns hundreds of subsidiaries, including Veolia Water, Veolia Environmental Services, Veolia Energy and Veolia Transport, operating in dozens of countries.

The company is currently acting as a consultant in Dae-gu and Gyeongbuk, South Korea where the 2015 World Water Forum (WWF) is being held. The WWF is a triennial trade show and water policy conference led by transnational corporations working in the water sector, including Veolia. The WWF will serve as a launch pad for Veolia in the region.

Here are five reasons to say “no” to Veolia in Dae-gu and Gyeongbuk.

## #1 For-profit water is more expensive.

**Paris, France** – In 2010, the city refused to renew a contract with Veolia and Suez. City Council decided to put an end to rising costs and poor accountability by taking water back into public hands in 2008.<sup>1</sup> The move resulted in a savings for the city of 35 million euros within the first year and lower water rates.<sup>2</sup>

**Morocco** – In 2011 residents of Tangiers held a sit-in at city hall to demand the termination of a contract with Veolia subsidiary Amendis, which had resulted in unaffordable water and electricity rates. In Rabat, residents served by Veolia made similar complaints in a petition to the mayor of excessive utility fees despite the corporation lagging in its commitments to ensure infrastructure upgrades.<sup>3</sup>

**Detroit, USA** – In the case of Detroit, one of the poorest cities in the United States, the city began to raise water rates and cut off services to the tens of thousands of people who could not afford the exorbitant prices once it began to entertain private bids for the water and sewerage utility. After bidding to take

over the utility, Veolia took on the role of a consultant to develop a cost-cutting strategy for the city. As a consultant, Veolia is allowed to influence city decisions regarding the utility before even signing on to take over the operations. Meanwhile, thousands of Detroiters remain without access to water and sanitation services.

## #2 Veolia has a poor environmental track record.

**New Orleans, Louisiana** – in 2003, the city withheld payments to Veolia’s predecessor until it committed to repairing its two wastewater treatment plants, which had repeatedly discharged sewage into the Mississippi River since 2001.

**Nagpur, India** – Veolia has failed to account for 432 million litres of daily water losses by its drinking water operations in Nagpur. This represents two-thirds of the city’s water and the amount needed to serve the basic needs of 8.64 million people.<sup>4</sup>

**China** – In Haikou and Qingdao, water pollution issues were attributed to the operations of wastewater treatment plants of a Veolia subsidiary. In Shanghai, the Veolia subsidiary was fined for violating environmental regulations, including discharging excessive amounts of sewage.<sup>5</sup>

## #3 Privatization leads to loss of public control and accountability.

Because private water and sanitation services are more accountable to their shareholders than to the public they serve, the loss of public control has been another major source of conflict in communities served by Veolia.

**Lanzhou, China** – Veolia supplies drinking water in the district of Lanzhou in northwest China. When residents complained about the acrid taste of their tap water, Veolia initially denied there was a problem. By the time the company was forced to admit the tap water was contaminated, Chinese NGO Justice for All (JFA) estimates that 3 million people had already consumed polluted tap water.

Veolia continues to deny its own responsibility in the incident, blaming the city government instead, while withholding the water quality data required for a public investigation. JFA launched a campaign in March 2015 demanding that Veolia respect the public's right to information by releasing the data.<sup>6</sup>

**Argentina** – Even when governments try to promote the public interest, the interests of transnational corporations are forced upon them through trade and investment protection mechanisms. During the Argentinian economic crisis, Veolia's predecessor Vivendi, along with another French water corporation named Suez, launched a legal challenge against Argentina through the World Bank's International Centre for the Settlement of Investment Disputes when the state rejected demands to raise tariffs by 42%.

## #4 Veolia treats workers poorly.

**King County, Washington, USA** – In 2008, when Veolia was granted a transportation contract in King County, the company replaced a unionized subcontractor just after transportation workers successfully negotiated an increase in their wages, forcing 140 unionized employees to accept pay cuts or lose their jobs.<sup>7</sup>

**Indianapolis, Indiana, USA** – After taking over the city's drinking water supply in 2002, Veolia began aggressively reducing personnel costs by reducing the workforce and slashing benefits to non-union employees.<sup>8</sup> As a result of its bad labour practices and unfair billing history, the contract in Indianapolis was cancelled 10 years before it was due to expire in 2010.

**Nairobi, Kenya** – In 1999, Vivendi faced strong public opposition when its water supply contract put 3,500 workers on the street while hiring new experts and expatriates at much higher salaries and expecting Nairobi water consumers to pay a 40% rise in water rates in order to maintain a 15% profit for the corporation.<sup>9</sup>

### Notes

1. [https://d3n8a8pro7vhm.cloudfront.net/polarisinstitute/pages/29/attachments/original/1410802232/veolia\\_e.pdf?1410802232](https://d3n8a8pro7vhm.cloudfront.net/polarisinstitute/pages/29/attachments/original/1410802232/veolia_e.pdf?1410802232)
2. [http://documents.foodandwaterwatch.org/doc/veolia-eur.pdf#\\_ga=1.233381278.1275659096.1428318303](http://documents.foodandwaterwatch.org/doc/veolia-eur.pdf#_ga=1.233381278.1275659096.1428318303)
3. [http://documents.foodandwaterwatch.org/doc/veolia-eur.pdf#\\_ga=1.233381278.1275659096.1428318303](http://documents.foodandwaterwatch.org/doc/veolia-eur.pdf#_ga=1.233381278.1275659096.1428318303)
4. Manahan, Mary Ann (to be released May 2015). Veolia in Asia-Pacific: A Primer (Five reasons why you should challenge Veolia).
5. Manahan, Mary Ann (to be released May 2015) Veolia in Asia-Pacific: A Primer (Five reasons why you should challenge Veolia).
6. <http://www.tianxiagong.org/show.asp?id=453>
7. Koppelman, Susan (to be released May 2015) "Pressure Mounts on Executive Constantine to take action on Veolia"
8. <http://www.citizen.org/documents/Vivendi-USFilter.pdf>
9. <http://www.citizen.org/documents/Vivendi-USFilter.pdf>
10. <http://www.globalexchange.org/economicactivism/veolia/why>

## #5

### Veolia profits from illegal occupation in Palestine.

Veolia has also been a target for campaigns for justice in Palestine. Not only does Veolia do business in illegal settlements in the Occupied Territories, it has provided the basic infrastructure that enables these settlements to thrive. The company's operations include a wastewater treatment plant servicing the Modi'in Illit settlement and a landfill in the occupied Jordan Valley. It recently spun off its transportation services into a separate corporation, but maintains significant shares in the new company.<sup>10</sup>

## Dae-gu and Gyeongbuk deserve better!

Even the World Bank has raised serious concerns regarding the regulatory problems associated with multinational water providers, having seen the effects of a profit-driven service delivery model on workers, low-income households and the environment. In rejecting Veolia, Dae-gu and Gyeongbuk are joining a growing list of communities who are fighting the corporate takeover of public water and sanitation systems.

A forthcoming zine containing detailed information regarding the cases presented in this backgrounder will be available by the end of May 2015 at: [stopveoliaseattle.wordpress.com/](http://stopveoliaseattle.wordpress.com/)

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