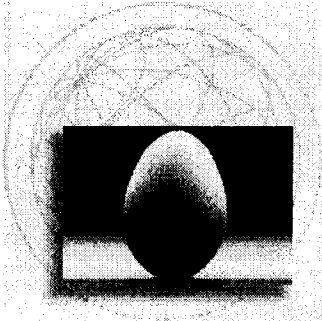


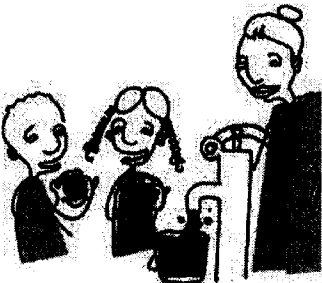
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GATS: FACT AND FICTION

Misunderstandings and scare stories:

The WTO is not after your water



The GATS does not require the privatization or deregulation of any service.

In an information sheet titled "Don't let the WTO get hold of our water" the "Alliance for Democracy" expresses much concern about the implications of the GATS negotiations for water distribution services. It says that progressive liberalization under the GATS "means moving towards privatization of all services, including public services. It also means deregulation of services at the local, State and national levels and subjecting them to the WTO's global rules for the benefit of transnational corporations." The GATS does not require the privatization or deregulation of any service. In respect of water distribution and all other public services, the following policy options, all perfectly legitimate, are open to all WTO Members:

- To maintain the service as a monopoly, public or private;
- To open the service to competing suppliers, but to restrict access to national companies;
- To open the service to national and foreign suppliers, but to make no GATS commitments on it;
- To make GATS commitments covering the right of foreign companies to supply the service, in addition to national suppliers.

The number of Members which have so far made GATS commitments on water distribution is zero. If such commitments were made they would not affect the right of Governments to set levels of quality, safety, price or any other policy objectives as they see fit, and the same regulations would apply to foreign suppliers as to nationals. A foreign supplier which failed to respect the terms of its contract or any other regulation would be subject to the same sanctions under national law as a national company, including termination of the contract. If termination of a contract were involved, the existence of a GATS market-access commitment would be irrelevant. A GATS commitment provides no shelter from national law to an offending supplier. It is of course inconceivable that any Government would agree to surrender the right to regulate water supplies, and WTO Members have not done so.