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Bail out countries hit by water privateers

Commission promotes privatisation in Greece and Portugal



The EU is supposed to take a neutral position on the issue of water privatisation, but the European Commission seems to have forgotten this. As part of the Troika, it has been pushing for the large scale privatisation of public services in Greece and Portugal, including water utilities, as part of those countries' bail out deals. This not only goes against the spirit of the EU's fundamental rights, but is also a blatant case of the shock doctrine in action. The EU treaties require the Commission to be neutral on the issue of public or private ownership of companies (1), but in crisis hit countries it appears this is being ignored. As a member of the 'Troika', the European Commission (with the International Monetary Fund and European Central Bank) has insisted on the privatisation of state-owned water company Aguas do Portugal and the water companies for Athens and Thessaloniki in Greece. On the 15th May this year, a group of NGOs sent an [open letter](#) to Commissioner for Economic and Monetary affairs, Mr. Olli Rehn asking that the Commission put a halt to the pressure for water privatisation that has been put on Greece and Portugal, but also on Italy as part of its structural reform programme. Four months later, the Commission reply was less than encouraging: *"As you know, privatisation of public companies contributes to the reduction of public debt, as well as to the reduction of subsidies, other transfers or state guarantees to stateowned enterprises (...)* the Commission believes that the privatisation of public utilities, including water supply firms, can deliver benefits to the society when carefully made. To this end, privatisation should take place once the appropriate regulatory framework has been prepared to avoid abuses by private monopolies. (...)" This ideologically driven argument is that the money earned can be used for paying off debt, but this ignores the fire sale prices such privatisations command and the negative knock on social costs. It is a classic example of the [shock doctrine](#), forced liberalisation in crisis hit countries, in action against the massive opposition such

actions have from the general public. In Thessaloniki, the expected price amounts to no more than what the company would normally contribute to the city's budget every three years! And as the new [report](#) “Our Right to Water – case studies on austerity and privatisation in Europe” shows, these private monopolies lead to job losses and worse services. The reply also affirms the goal of privatisation, which would be a violation of the EU's neutrality on the subject if confirmed. The [European Parliament](#) has stated in three resolutions that water should not be liberalised but modernised, and in July of this year that access to water should be a fundamental and universal right. There is also currently a [European Citizens' Initiative](#) requesting that the EU increases its efforts to achieve universal access to water and sanitation. Green MEPs are therefore [asking](#) the Commission to explain the contradiction between the Troika's recommendations and the demands put on the Commission to be neutral by the treaties, as well as by the spirit of the charter of fundamental rights of the EU and the initiatives of the European Parliament. We are demanding that the Commission put a halt to any pressure it is applying on crisis hit countries to privatise public water utilities. We hope to get a much faster reply than the four months the NGOs were made to wait, and that the Commission will withdraw these recommendations in all the bail-out countries.

- [Oral question to the Commission from Green MEPs Raül Romeva i Rueda, Rui Tavares, Nikos Chrysogelos and Heide Rühle](#)
- [European Citizens' Initiative: <http://www.right2water.eu/>](#)

Notes:

(1) Article 345 of the EU Treaties (ex Article 295 EC) requires the Commission to be neutral on public or private ownership of companies: “The Treaties shall in no way prejudice the rules in Member States governing the system of property ownership.”

Article 345 TFEU (ex Article 295 EC)

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