

Who are the water lords of
Barcelona? Debt, the
environment and new spheres
of capital accumulation

Hug March

IN3, Universitat Oberta de Catalunya

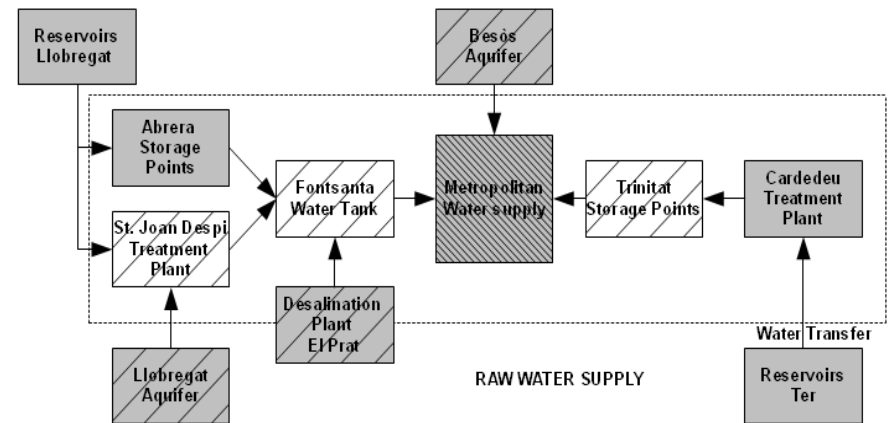
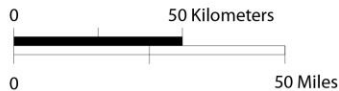
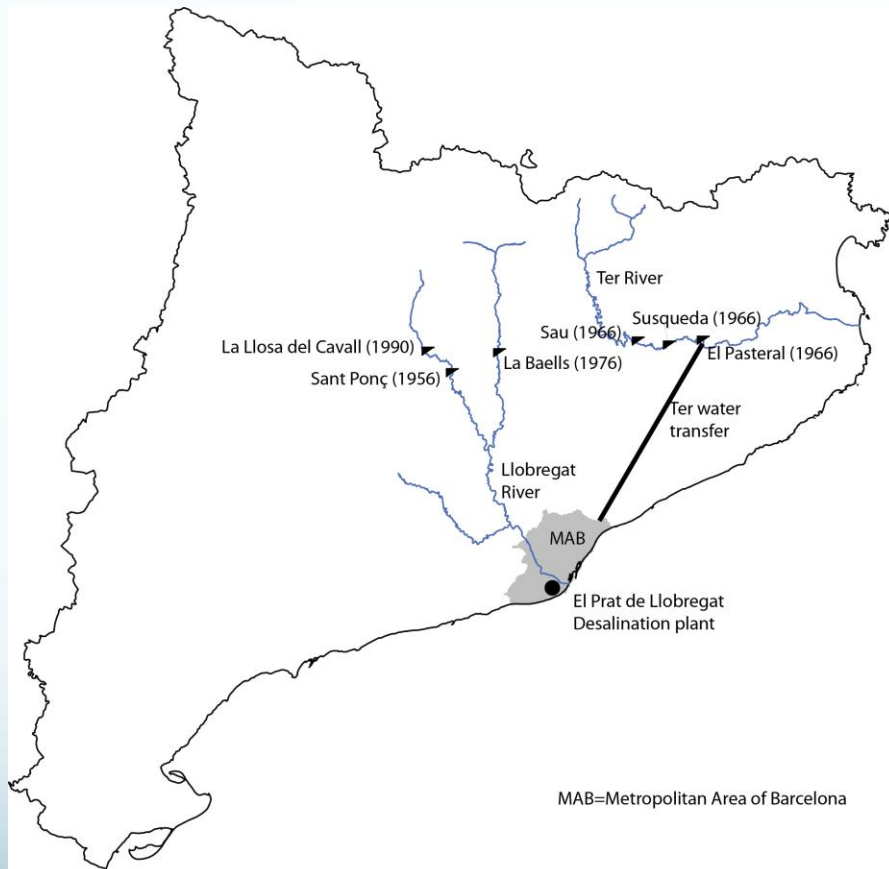
GRATS Seminar, UAB, 11-12 June 2013



Outline

- Introduction
- Recent changes in the water cycle of Barcelona
- Debt as a trigger to redefine the governance of water
- New frontiers of private participation in the water cycle
- Conclusions

Introduction

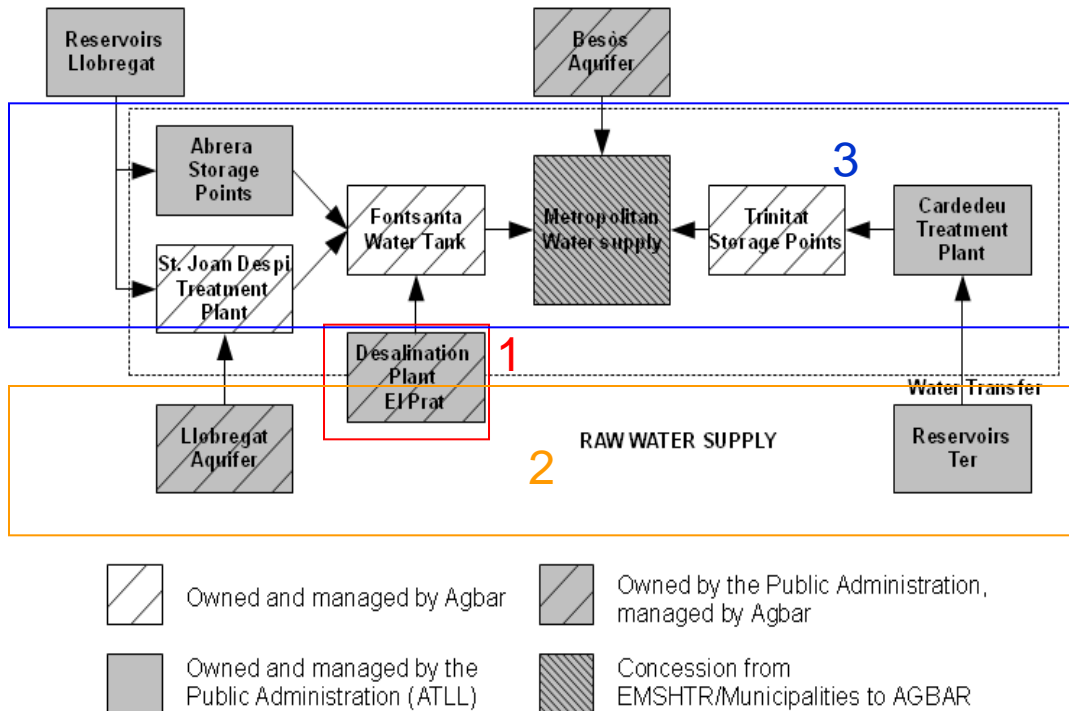
Water supply configuration in Metropolitan Barcelona early 2012



 Owned and managed by Agbar
 Owned and managed by the Public Administration (ATLL)

 Owned by the Public Administration, managed by Agbar
 Concession from EMSHTR/Municipalities to AGBAR

Recent changes on the water cycle



1. The Catalan Government cancelled AGBAR's concession of the desalination plant. ATLL recovered its management.

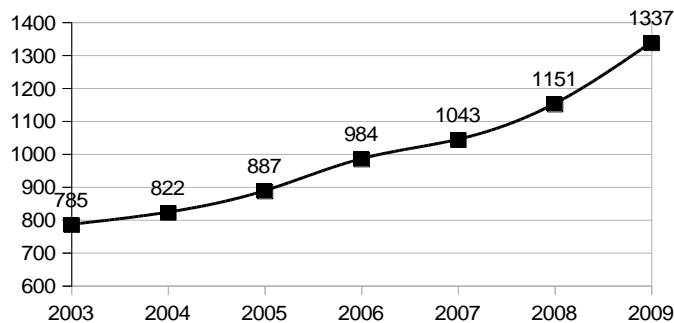
2. A tender for the management of ATLL for fifty years was opened at fall 2012, and ACCIONA won the contract

3. At the end of 2012 started a process to create a mix-capital company between AGBAR and the Metropolitan Area of Barcelona.

The former two processes were very polemic. The courts have taken part on them as well as social movements (Plataforma Aigua és Vida) have carried out campaigns to denounce such a situation.

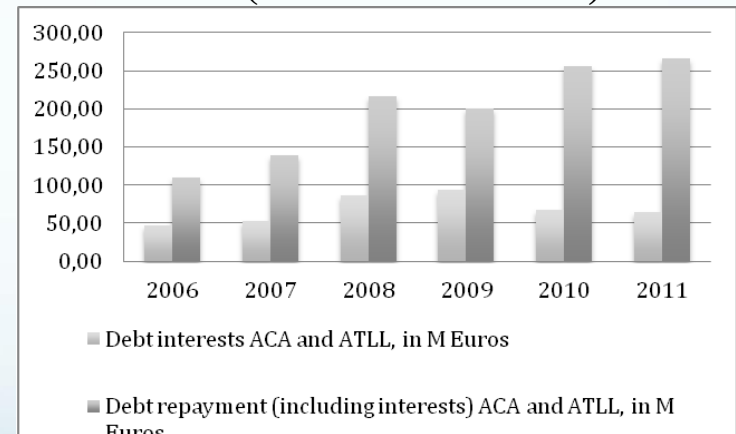
Debt as a trigger to redefine the governance of water

- Reconfiguration of ATLL predicated on the debt accumulated by the public sector



Evolution of the long-term debt of the ACA, 2004-2009 (in million Euros).

Annual burden of debt for the ACA and ATLL (in million Euros).

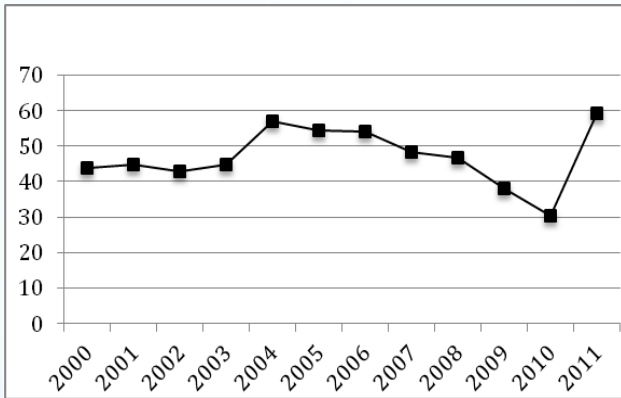


Debt as a trigger to redefine the governance of water

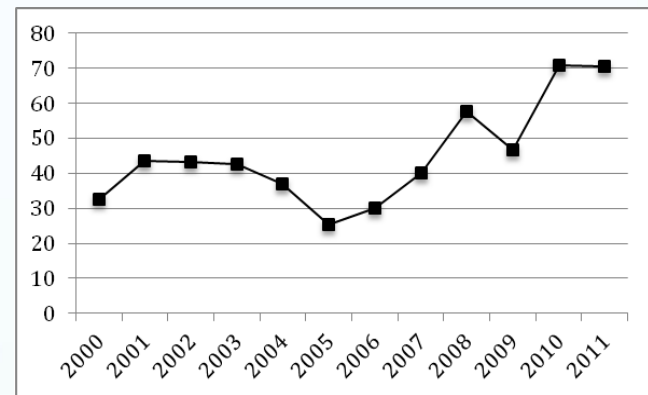
- Short-sighted reading of debt
- We argue that “forced” ecological modernization had played a role: Wastewater directive, Drinking Water Directive and European Framework Directive
- The public sector had to invest in the water cycle much above the financial possibilities provided by water taxation.
- The recurrent droughts have also put an extra burden to the financial situation of the water regulator.

Debt as a trigger to redefine the governance of water

Percentage of total expenditures covered by the water tax.



Percentage of water tax (Cànon de l'aigua) to cover debt repayment (including interests).



“we did not need the arrival of the crisis for this to end up badly” (President of the Catalan Water Agency, in *Expansión*, 17/11/2011:17, own translation)

New frontiers for private participation in the water cycle

- These reconfigurations are not, however, the “end of history” of private interest in the hydrosocial cycle
- Under the turn towards Smart Cities utility companies are seeking new frontiers for capital accumulation and circulation
- In the case of AGBAR: Aquology
- Smart metering, immaterial practices, knowledge, alternative resources, new flows, etc. Context of the smart city.
- New financial actors such as pension funds providing the capital (e.g. England)

Conclusions

- (Unexpected) consequences of environmental improvement: loss of control of the (re)production of the environment
- The combination of forced ecological modernization with inadequate financing in the current context of interruption of credit to public institutions threatens with the collapse of public water management in Catalonia.
- Against a context of environmental crisis and economic crisis: new frontiers for capital accumulation within the water cycle
- Private utilities put the knowledge, new financial actors put the capital and the public administration reregulates to open new spheres of accumulation.