

Water Supply Systems' Foreign Control Questioned

By [Alexander Bratersky](#)

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YEKATERINBURG, Urals Region — Foreign companies should not be allowed to control local water supply systems, a State Duma official said at a meeting Thursday of industry experts gathered to discuss the future of the strategic, but crumbling sector.

"The water supply system is a strategic facility which should not be under the control of foreign companies," said Ivan Nikitchuk, a Communist party member and deputy head of the Duma's Natural Resources Committee.

Nikitchuk made his statement during the press conference of the national water pipe industry congress Thursday, which brought together 450 industry specialists, experts and federal and regional government regulators from 60 Russian regions. The five-day congress will run through Saturday.

He cited as negative examples the cities of Tomsk in Siberia and Arzamas in the Nizhny

Novgorod region, where concessions to maintain and operate local water supply systems were given to the French firm Veolia Voda and German's Remondis, respectively.

In Tomsk, the foreign investors have forced businesses to pay five times more than the current tariffs, according to media reports. The company said it needed to adjust tariffs to pay for the modernization program and replace outdated equipment.

According to the Russian Association of Water Supply and Waste Water Disposal, about 40 percent of water supply networks in the country have exceeded their lifetime expectancy, while only 1.5 percent is planned to be upgraded. Russia has 70 malfunctions per 100 kilometers of water pipes per year, while Germany has only 25 malfunctions per 100 kilometers of pipes per year.

The quality of water differs greatly from region to region, and only 80 million people out of 140 million have access to quality tap water, according to the industry experts.

"Our technological standards are based on 1970s technology," said Stanislav Khramenkov, president of the Russian Association of Water Supply and Waste Water Disposal.

Legislation passed in 2011 on water supplies allows regional water companies to be more flexible in inviting private contractors and suppliers to work on the water system.

During this week's conference, plastic pipe producer Poliplastic signed a contract with the private water pipe operator Rosvodokanal to modernize its system. The pipe operator is controlled by Alfa-Group, which runs seven water supply systems in various regions.

The latest legislation also obliges businesses to pay for the disposing of hazardous materials in the water supply system, a task previously carried out by water companies at their own expense.

There is pending legislation that would force companies to install cutting edge equipment to decontaminate water, Duma Deputy Nikitchuk said, but it has only passed one reading despite the fact that the government drafted the bill.

"It looks like the government hasn't socialized the legislation with businesses that will be affected," Nikitchuk said, adding that billionaire Oleg Deripaska, head of the Basic Element group, has expressed his opposition to the proposed law.

Deripaska had earlier controlled the Baikal Paper Mill, which had been accused by environmentalists of dumping wastewater into Lake Baikal. In February, Deputy Prime Minister Arkady Dvorkovich said the government decided to close the bankrupt plant for good.

But water supply association executive director Yelena Dovlatova said the law obligates the installation of costly water processing equipment only at plants producing very hazardous materials.

Water supply companies are likely to be blamed for contamination anyway, she added. "This might be a case when the road to hell is paved with good intentions," Dovlatova said.

Contact the author at a.bratersky@imedia.ru

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61