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This is the first edition of PSI's privatization newsletter for the trade union movement. Quality public services are the foundation of democratic societies and successful economies. They ensure that everyone has equal access to vital services, including health care, education, electricity, clean water and sanitation. When these services are privatized, maximizing corporate profits replaces the public interest as the driving force.

This newsletter is part of PSI's [global campaign against privatization](#).

1) **Global**: Curtis Grad, president and CEO of Modalis, the private infrastructure company, provides a rundown of the biggest **airport privatisation** deals of the past year and takes a glimpse of [what's on the horizon for 2016](#). "Looking to the latter half of 2016, based on the latest industry chatter, we could see some movement on privatisations in Saudi Arabia (Riyadh, Jeddah, Dammam and Ta'if), UAE, Iran and Jordan (Marka, Aqaba and a new greenfield site) in the Middle East; Serbia, Bulgaria and Ukraine in Europe; and Tanzania and Nigeria in Africa."

Africa & Arab Countries

2) **Kuwait**: The government has announced the creation of a new fund to manage its domestic assets, "signalling a key step forward in **the country's push to privatise state-owned companies**." *Zawya* reports that "stakes in local companies, power and water projects will reportedly be included in the fund, as well as other assets currently under the management of the Kuwait Investment Authority (KIA), which also oversees a sizeable international portfolio. (...) However, the state's privatisation agenda has largely stalled since 2010, with the sale of major assets, including Kuwait Airways and the Kuwait Stock Exchange, delayed on multiple occasions as the government debated how best to approach the privatisation process."

3) **Egypt**: Ahmed El-Sayed Al-Naggar, chair of the board of Al-Ahram, **defends Egypt's public sector**, writing that "the Egyptian public sector has historically played an important role in the economy and society. [It should be reformed, rather than being sold off to the private sector.](#)"

4) **Nigeria**: President Buhari **rejects suggestions that the healthcare system be privatised**. "Commenting on the calls in some quarters for privatisation of healthcare institutions, Buhari stated: ["Privatisation aims at maximum profit. It then excludes the poor and the vulnerable from accessing healthcare.](#) But we have to look after the poor." The president stressed the need to be careful and to take a look at the state of development of the country before considering the option of privatising healthcare institutions."

5) **Nigeria**: The Minister of Communication, Adebayo Shittu, has said the Federal Government **will not hand over the Nigeria Postal Service to foreign investors**. "Our vision of the new NIPOST is a total transformation from being a mono-product service organisation to a one-stop multi-product service provider with the ultimate aim of making it a cash-spinning establishment [that can make meaningful contribution to the country's revenue base.](#)"

6) **Saudi Arabia**: For-profit companies look **to privatize parts of the public health system**, including by involving foreign players. "I think the Kingdom is in strong need to privatize its health sector because the cost of the health care system is increasing and it will continue to increase because of disease burden and medical inflation," [said Gabriel Chahine](#), head of the health care practice and a partner at Strategy&, [the global strategy consulting team at PwC](#).

7) **Saudi Arabia**: The Kingdom is reportedly [planning to privatise its electricity sector](#) "and shifting towards solar and alternative energy in the framework of its efforts to reduce the use of fossil fuels in production rates."

8) United Arab Emirates: Officials at state-owned health care operator Abu Dhabi Health Services [have announced plans to privatise as-yet-unnamed health care assets](#).

Asia Pacific

9) Australia: The Western Australian union movement announces that it **will launch a year-long campaign against public service privatisation** in the run-up to the 2017 election. The campaign “will include directly calling tens of thousands of West Australians urging them to shun the sale of assets such as the Fremantle Port and Western Power. (...) UnionsWA secretary Meredith Hammat said with a year to next year’s State election, the union movement was ramping up its efforts. “The Barnett Government is in serious trouble. Their Budget is a mess and pressure from business to buy public services and assets mean [privatisation will be one of the key issues for the 2017 election](#),” she said.” [Taxpayers have already reportedly been ripped off](#) by a Western Australia water privatisation deal.

10) Australia: Local demand for “**social impact bonds**” is [pegged at \\$18 billion over the next five years](#) by a new investment industry report, *Impacting Investing Australia 2016 Investor Report*. “The term can cover more traditional asset-backed investments, such as clean energy plants or social and affordable housing, as well as venture capital funds that specialise in socially palatable sectors like healthcare.” For a critique of so-called social impact or performance bonds see In the Public Interest’s recent report, [A Guide to Evaluating Pay for Success Programs and Social Impact Bonds](#).

11) India: [300 artists join together to protest](#) plans **to privatise the Venkatappa Art Gallery in Bengaluru**. “We have gathered in a symbolic human chain to express our solidarity against the government’s decision to privatize our only art gallery. This is the only democratic space in the entire state. We want to fight for its freedom as well as that of the community’s,” said Alaka Rao, an artist and one of the organizers of the protest.

12) India: The [All India Insurance Employees Association holds a massive demonstration](#) against the government’s budget proposal to tax EPW withdrawals. “Comrade Pawan Gupta also opposed the continuation of service tax on insurance policies and against the move of the government **to privatise the public sector General Insurance Companies**.”

13) India: Debates are intensifying over a plan to partly **privatise the state-owned IDBI Bank**. “In the Union Budget 2016, FM Arun Jaitley announced government’s plan [to cut down its stake holding in IDBI bank by 50 per cent](#). At present, the government holds around 80% of the bank’s holding.” The All India Bank Employees Association [opposes](#) the move to privatise IDBI Bank. [SP Kothari, deputy dean at the Massachusetts Institute of Technology’s Sloan School of Management has called for the privatisation of the entire banking sector](#).

14) India: [Writing in the Wall Street Journal](#), Sadanand Dhume, a resident fellow at the right wing American Enterprise Institute, says **Prime Minister Modi’s record on privatisation** is “dismal.” [Sub required]. However, railway minister Suresh Prabhu has said [railways need private money but not privatisation](#). “But, that also puts more pressure on the government to find enough resources to push railways’ development agenda. Prabhu spoke in detail about his plans to invite public-private partnership contracts to develop railway projects.”

15) Iran: The American plane manufacturer Boeing [has been invited](#) by the government for talks. “According to the official, [the national aviation industry is semi-official](#), while **grounds are being paved to fully privatize the sector in the near future**, as this will drive increased operational efficiencies.”

16) Iran: President Rouhani says **Iran must privatise its auto industry**. The state current [controls about half of the sector](#). “The large but outdated car sector is one of the most attractive industries to foreign investors, who have flocked to Tehran since international sanctions were lifted in January following Iran’s nuclear deal with world powers. France’s PSA Peugeot Citroen signed a joint venture agreement with Iran’s largest carmaker Iran Khodro in January. The two companies had an existing relationship that was suspended in 2012 due to sanctions.”

17) Korea/Vietnam: LS Cable & System Asia, a Korean company operating out of Vietnam, **will list itself** on the Korea Composite Stock Price index (Kospi), in June. “Vietnam’s government has already [decided to review listing of its state-owned enterprises on the Korean bourse as part of efforts to privatize them.](#)”

18) Pakistan: Although [employees of Pakistan International Airlines](#) have resumed work after their recent protests, [they are still concerned about their jobs](#). **The airline has been the target of privatisation efforts.** “Some of employees argued that a private airline won’t like to fly to remote and financially unviable destinations where the PIA is flying as part of public service.”

19) Sri Lanka: Former President Mahinda Rajapaksa [warns of privatisation](#). “The 2016 budget had no SLFP characteristics at all and was based on the UNP’s neo-liberal economic outlook. It sought among other things to privatize every government owned enterprise **including the Norochcholai power plant and the operations of all harbours and airports**. It also sought to abolish the government pension for new recruits to the public service, the fertiliser subsidy and free school uniforms programme. Yet the SLFP members serving in the government had to vote for this budget.”

20) Taiwan: The Ministry of Defence says it plans **to privatise the operation of the Yuanshan Martyrs Shrine**. “Military officials said [the proposal was made by the Ministry of Finances department of private participation promotion](#), which conducted a privatization feasibility study in consultation with the MND last year. The study was the first phase in the planning. We have to assess whether privatization would be feasible, while addressing possible obstacles and acknowledging public opinion, [MND spokesperson] Lo said.”

21) Vietnam: The state capital investment corporation may divest itself of US\$4 billion of state stakes in companies this year. [*Vietnam News*, 1 March 2016]. The Ministry of Transport will book proceeds of US\$75 million from **the sale of state stakes in 51 companies** this year. [*Vietnam News*, 4 March 2016]. In selling state stakes, “the authorities have been cautious about [looking for investors with adequate ability](#) in terms of management, market, technology and finance.”

Inter-America

22) Barbados: Attorney David Comissiong, president of the Clement Payne Movement, rejects Dr Carlos Chase’s idea of **privatising Barbados’ Queen Elizabeth Hospital**. “It is also a socially dangerous statement, for what Dr Chase is urging is that the Government of Barbados, elected to office by the predominantly black and working-class population of Barbados, should engage in a course of action that would—in one fell swoop—[wipe out fundamental social and health care rights that the black masses of Barbados fought for in monumental social battles](#) over the past 150 years.”

23) Brazil: [The transport ministry has slackened its rules](#) to attract foreign private investment for **more highway concessions in West and Central Brazil**. “Three separate bids are expected to be held in the first half of 2016 for three independent stretches varying from 400 to 1,000 km, with concession periods of 30 years generally (exceptionally, one of these stretches will be for 12 years). Further auctions for other highways are planned to take place in the 2nd half of 2016.”

24) Brazil: [Ferrovia SA](#), the Spanish infrastructure giant, “is interested in taking part in **the privatisation of five Brazilian airports**, chief executive Inigo Meiras said during a conference on the company’s 2015 earnings.” Ferrovial has stakes in airports in Aberdeen, Glasgow, Southampton, and Heathrow.

25) Brazil: President Rousseff calls on government staff to negotiate with the opposition over legislation to change portions of the State Liability Act. “The initiative requires [State-Owned Enterprises] to follow governance rules and control regarding business risk; this causes concern at the Planalto Palace that defined the proposal as an **‘attempt to privatize state-owned enterprises.’**” [BBC translation of report on *Folha de Sao Paulo* website, 2 March].

26) Canada: As the Saskatchewan election campaign officially begins, NDP Leader Cam Broten says the Saskatchewan Party is not being clear [“about what they’re going to privatize next.”](#) Broten asks “who can you trust to protect and fix the public services we count on, like **health care and education?**”

27) Canada: An [online and social media coalition](#) has come together to oppose the **privatisation of liquor sales in Manitoba**. The coalition, which includes Mothers Against Drunk Driving and organized labour, says privatization would drive

down wages, weaken screening of minors, see profits leave Manitoba instead of being invested in education and other public programmes, and undermine responsible-driving and addiction counseling programs. **A similar plan to privatise 40 liquor stores in Saskatchewan would cost \$115 million in public profits** in the first five years alone, according to the Saskatchewan Government and General Employees' Union (SGEU).

28) Canada: Workers protest against **the privatization of the Ontario Lottery and Gaming Corporation (OLG)**. “We're seeing the results of yet another attempt by the Liberal government to privatize a profitable crown company,” [said] Sharon DeSousa, Regional Executive Vice-President for PSAC Ontario. **OLG is forcing its workers to give up their pension protections** so that its casinos and slots become more attractive to private sector buyers under the so-called Modernization Plan.”

29) Canada: Heather Whiteside **looks at** “**How P3s are Produced and the Secret of Their Profit Making.**”

30) Mexico: The secretary of finance and public credit, Luis Videgaray Caso, says **the national oil company will have to adapt to a competitive market**. “PEMEX is no different than any other oil company,” he said. “It has to be more efficient and reduce costs. It must also privatize certain aspects.” He added, “PEMEX has enormous reserves [and will succeed] if it deals with the reality and makes the changes that the rest of the industry is making.” [SNL FERC Gas Report, 2 March 2016; sub required]

31) Peru: Protesters take to the streets in Lima **to protest “against the government's plan to privatise public water services**. The protest **was organised by small neighbourhoods and the public water workers' union Sedapal.**” The government launched a major privatisation initiative in mid-January.

32) United States: In the Public Interest (ITPI), a research and policy center promoting the common good and democratic control of public goods and services, issues **a new report on community and labor best practices for infrastructure ‘public private partnerships.’** ITPI says such steps can contribute to reducing inequality. “While the use of P3s is hotly debated, if governments are ultimately paying a higher cost of capital through private financing schemes, it is even more critical that they demand that the resulting projects provide community benefits, including quality jobs for disadvantaged communities. This report offers several recommendations for incorporating job quality and job equity programs and policies into P3 arrangements.”

33) United States: Michigan AFL-CIO President Ron Bieber writes on why **“privatization doesn't work.”** After the Republican takeover of the state six years ago, they said they would make government run as a business. “For Gov. Rick Snyder and the Republican-controlled Legislature, it meant privatizing vital public services in our schools, prisons and a state-run home for veterans. The goal of privatization, we were told, was to save taxpayers' money. The truth is the state's two biggest experiments with privatization have been huge failures.” Bieber's examples: **prison food services and the Grand Rapids Home for Veterans.**

34) United States: *The American Prospect* investigates the **increasingly tense conflict** between public interest groups and conservative efforts **to privatize public lands and assets, including the names of national parks.**

35) Venezuela: The National Assembly **has approved the National Production Law** in the first round of debate. “According to Efecto Cocuyo, the law requires the Executive to return firms expropriated by the government to their original owners. (...) President Nicolás Maduro rejected the law and called on workers to oppose the measure, which he stated **would threaten to privatize all public and socialist businesses.**”

Europe

36) Greece: As the **privatisation of Piraeus Port** proceeds, Greece's **Foundation for Economic and Industrial Research (IOBE)** publishes a report saying it will “produce major benefits.” However, **the Transnational Institute** asks “do those arguments stand up in practice? Five years into the economic programmes imposed by the EC, Transnational Institute in its report **The Privatisation Industry in Europe** [February 2016] decided to examine the evidence. Its conclusions cast serious doubt on the EC's rationale. It found that the sales of state-owned assets during recession have consistently failed to raise

expected revenues.” TNI notes that “since July, Syriza has moved forward with the privatisation of Piraeus port in Athens, 14 regional airports and is currently preparing to privatise its rail network.” Talks are beginning on [extending Athens International Airport’s private concession lease for 20 years](#).

37) Ireland: The Services, Industrial, Professional and Technical Union (SIPTU), Ireland’s largest trade union, [raises “serious questions](#) over Fianna Fáil’s proposal for a National Roads Authority (NRA) type model for the provision of water services.” They said “such a move **would lead to increased outsourcing and speed up the privatisation of the water services infrastructure.**”

38) Italy: Grandi Stazioni Retail, the Italian **state-controlled company that leases retail space at large railway stations**, draws nine bids from private companies. “Several sources said the offers made valued the company at less than the one billion euro price tag that has been mentioned by several newspapers.” [Bidders reportedly include Carlyle, Vaerde Partners, BC Partners and Lone Star](#). Rothschild is advising the sellers.

39) Russia: According to Sergei Guriev, a Professor of Economics at Sciences Po and incoming chief economist of the European Bank for Reconstruction and Development, Russia may be considering a “**fire sale” privatization of state assets**, “[including ‘crown jewels’](#) such as Rosneft (Russia’s largest oil company), the diamond monopoly Alrosa, and the flagship airline Aeroflot.”

40) Ukraine: Legislative and political battles continue over **the possible privatization of the Ministry of Infrastructure’s portfolio** of “of [almost 300 state-owned enterprises](#), including a railway, seaports and roads.” The [Ukrainian Finance Ministry](#) is also “gearing up **to privatise minority stakes in state-run banks.**”

41) United Kingdom: As [junior NHS doctors go on strike again](#), Stephen Fabes, a junior doctor and writer, **reviews the particulars of the case** against the Conservative government and Secretary of State for Health Jeremy Hunt. “Let’s now discuss some irrefutable stats: junior doctors already earn less than their European contemporaries in a profession, it should be noted, that is highly competitive to access, comes with great responsibility (not to mention a disproportionate wedge of student debt and studying expenses) and requires innumerable skills: clinical, communicative and academic. Yet here we are, beginning on a wage lower than the average public service graduate. Work it out per hour and a junior doctor’s starting salary is appalling, given the above.” Also, journalist David Smith offers an in-depth analysis of [why the “British Government \[is\] hell-bent on privatising the NHS.](#)”