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**Water: How to Manage a Vital Resource**

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The rapidly growing problem of water is one of the major issues facing the world today. And yet it is a problem that is within our power to solve. But this means innovation - and new global leadership - to effectively manage this source of all life, water.

John F. Kennedy said that whoever solved the world's water problem should receive 2 Nobel prizes: one for science, and one for peace.

On the positive side, it's clear that millions of people are escaping from poverty due to rapid economic development around the world. This includes, as we all know, the mega-states of India and China. And surprising to some, the rate of economic growth in Africa is superior to that of Europe.

This is the good news.

However, this same economic development is having major consequences on our planet, which if we don't change direction, will place serious limits on economic growth, quality of life, and threaten political stability.

Many have focused their concern, and rightly so, on the long term consequences of CO<sub>2</sub> and other emissions which, together with what appears to be a natural warming trend, are slowly raising the earth's temperature. This will clearly change the global landscape in the long term, with both positive consequences for some and negative consequences for others.

There is also concern about our supply of fossil fuel, and the need to develop renewable sources of energy. This is also a justified concern.

There are substitutes for coal and petroleum, but there is no substitute for water. Yet we treat it as if there is an unlimited supply which has virtually no cost. This, to me, is the most pressing and critical issue we face today.

In spite of positive trends in global economic development, over 1 billion people still lack access to clean drinking water, and over 2 billion lack access to clean sanitation.

But the very economic development which is bringing people out of poverty is also resulting in unsustainable demands on water. Given population growth and increased demand for water, it is estimated that if we do not change our water management, in 20 years there will be about 30% less water per person available on the planet.

The mega-cities which are being created around the world are also creating local water demands and pollution problems at a scale never before seen.

Agriculture consumes over 90% of total fresh water in the world, and with a growing population which has an increasing ability to buy more food, poor water management in agriculture is having an impact which can't be sustained.

It takes a litre of water to produce a calorie of food. This means that each of us "eats" around 3000 litres of "virtual" water every day. And in places like the United States, where meat consumption is high, the figure almost doubles, to about 6000 litres per person.

In many countries, including parts of India, China, and the United States, water tables are dropping rapidly, and we are forced to drill hundreds of meters into the ground for water, where a few years ago we found water at a third the depth. With electric and diesel pumps now commonly available, we have a broad-scale capacity to extract water never before seen in the history of man. Studies estimate total groundwater use worldwide in 1995 was more than 800 cubic kilometres per year, out of which as much as 25%, was overdraft of water which was not being replaced. The situation has deteriorated even further since that study was completed.

Rivers are being depleted to irrigate crops. For instance, in the Rio Grande basin, where the USA and Mexico compete for scarce water resources; the river failed to reach the Gulf of Mexico for the first time in 2001.

Further exacerbating this crisis is the recent frenzy to produce bio fuels. It takes close to 4000 litres of water to produce one litre of bio ethanol from corn, at the same time pushing up the price of food.

Thus, as a food company, Nestlé is interested in the problem of water not only because it is a major societal concern, but is clearly one that directly affects our business in a number of ways. Our suppliers of agricultural raw materials depend on water. As a food manufacturer, we need water to produce our products. And, for consumers to prepare our products, water is a necessity. Additionally, but in a much more limited scope, we sell and provide bottled water to millions of consumers. Therefore, it is in our vital interest to effectively manage consumption and limit waste of this precious resource.

*Given this immense problem facing us, what can we do?*

*First, I think that each company, organization, government, and household can make an enormous difference by better managing water. And technology is a part of this.*

Nestlé has been able to reduce its use of water by 27% in the past 5 years, and reduce its treated waste water by 37%. This was done by introducing new technologies and processes in our factories. But this is nothing new. Even as early as 1929, Nestlé began to invest – beyond the existing municipal infrastructure – in its own waste water treatment plant at factory level.

Additionally, we help introduce innovation to our suppliers, both agricultural and industrial. We help over 500,000 farmers understand how their practices at farm level impact water resources. We also offer experience and best practices from other regions or countries in waste management, irrigation, and post-harvest technology to influence farm practices on a broad scale. As a founding member of the Sustainable Agriculture Initiative (SAI) Platform and with many projects of our own, we have the channels to disseminate our learning.

We also encourage awareness of water resources by reaching out to consumers and children in 24 countries through the Water Education for Teachers Program.

Besides each of us focusing on water management in our own back yard, there is a serious job in term of pricing of water and in water governance, also in order to stimulate water efficiency through renovation and innovation in water distribution, irrigation but also new plant species for agriculture (e.g., drought and salt resistance).

We can say that water is a human right, and governments can guarantee that each inhabitant has the right to 25 litres per day of water for personal use. But we don't have the right to fill up swimming pools, water golf courses, and use water in agricultural indiscriminately at prices which are far below the true cost of the water. Water pricing must be addressed if conservation is to be addressed seriously.

As water governance is a key factor in assigning responsibility for water management, governments need to address this issue head-on. Much water lies at the border between states, and runs through multiple political territories. Water doesn't recognize the political boundaries established by man. But man must come to grips with how water governance will be shared.

The basic Nestlé philosophy is that to develop a successful long-term business, we have to create shared value – value that is shared by our shareholders and the societies where we operate. It is our goal in water management to positively impact the societies in which we work, both to create shareholder value, and to create long-lasting value for the people in the countries where we are present.

In conclusion, the problem of water is not tomorrow's problem. It is today's problem, and we face threats of monumental proportions in agriculture, in health, and even in conflict between peoples and nations. We need true global leadership, innovation and cooperation between the private and public sector if we are to overcome what I think is one of the major threats facing our planet today.

Thank you