

A new report urges Mexico to give high priority to reforming the way it manages water resources. Traditionally water-intensive industries, such as leather production, are being challenged to become much better at managing their use of water, with knock-on implications for the customers they supply.



A water treatment plant in Guanajuato. Other footwear-making states, such as Jalisco, face a more challenging water environment.

CREDIT: WTP

Tough message on Mexican water strategy

Paris-based international economic organisation, the Organisation for Economic Co-operation and Development (OECD), has warned that water management in Mexico is now an issue of national security and one that is likely to affect the strategy for the future of many of the country's manufacturing firms, including those that make shoes.

In a report published at the start of 2013, *Making Water Reform Happen in Mexico*, the organisation said that Mexico's river basins are under severe water stress. The quality of rivers, lakes and aquifers is declining and floods, droughts, and hurricanes are becoming more frequent. Mexico's growing population and increasing threats of climate change will worsen the current situation, it warned.

"Mexico can no longer afford the luxury of business as usual," said OECD secretary general, Ángel Gurría, who is Mexican himself, on presenting the report. "Mexico must give high priority to reforming its water sector. It should align and improve federal and river basin policies to increase both the

productivity and cost-efficiency of water policies and ensure that water and agricultural policies are mutually reinforcing."

In 2011, the Mexican government launched a reform programme called the 2030 Water Agenda, aimed at achieving—within 20 years—safe, clean sources of water and a balance between supply and demand for the precious resource among its citizens, farmers and companies. It is the view of the OECD that this shows "clear political leadership" on the part of the Mexican government. However, the organisation goes on to say that, on the ground, it is proving difficult to make water reform happen. "Action is imperative to increase water productivity and the cost-efficiency of water policies," it has said.

Jalisco challenge

Over the past 60 years, the amount of water available for each person in Mexico has declined drastically and more than three-quarters of the population now live in regions with little water. Among the states facing the greatest challenges is

Jalisco, the second-most important shoe manufacturing state in the country (after Guanajuato). In 2009, Jalisco was home to almost 800 footwear manufacturing companies and almost 120 tanneries to supply them with leather. Industry statistics from the same time suggest that Jalisco had a 16% share of Mexico's total of 266,000 footwear industry jobs and its national output of 244 million pairs a year.

Industry, along with irrigated agriculture and increasing urbanisation, is mentioned in the OECD report as having had "disastrous consequences on streams and groundwater quality". Water pollution charges were introduced in 1991 and charge rates were established for some 120 different contaminants (physical, organic and inorganic substances). Currently, the OECD says, the pollution charges are payable for discharges with contaminant concentrations in excess of effluent limits defined by the law for Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS), depending on the type of water body. It goes on to say that in 2009, water pollution charges raised the equivalent of \$13.8 million in Mexico. According to the OECD, this represents less than 0.4% of the money that Mexico needs to clean up its bodies of water sufficiently by 2015 to be on track for the 2030 target. The amount needed by 2015 is, the organisation says, almost \$370 million.

Warning signs

It's not difficult to draw the conclusion from this that local authorities in leather- and footwear-producing parts of Mexico, and in other industrial regions of the country, may soon begin to charge more for water services and take a more punitive attitude towards companies that place pressure on water resources and water treatment initiatives. In this respect, the new report from OECD should serve as a warning to shoe producers in Mexico, as well as to their suppliers and customers.



OECD secretary general, Ángel Gurría, left, hands over the report on water to Mexico's new president, Enrique Peña Nieto.

CREDIT: MEXICAN GOVERNMENT

OECD's recommendations are that Mexico establishes greater clarity over who is in charge of regulatory functions for water and sanitation services, with clear lines of responsibility and accountability. Above all, it insists, there needs to be full separation between regulatory functions, service provision and policy making.

"Water has always played a central role in the economic, social and environmental development of countries," Ángel Gurría says in the report. "With the looming challenge of climate change, governments are increasingly recognising the urgency of ensuring the sustainable management of water resources. Successful water policies can set a strong basis for improving the life of all citizens, and the 2030 Water Agenda provides a solid start to this process in Mexico. There is now an opportunity for the new administration [new president, Enrique Peña Nieto, assumed office on December 1, 2012] to make Mexico a leading example of successful water reform in Latin American countries." 



Mexican-made shoes. CREDIT: WTP