

## Business

# Well drilling thrives in Caracas as city's water supply flounders

## Crisis-struck Venezuela struggles through hyperinflation, recession

**CARACAS:** Alfredo Araya used to dig wells on farms or out in the countryside, but due to a failing water supply he says demand for his services has recently exploded in Venezuela's capital Caracas. Using a huge drill to perforate the soil, Araya struck the underground aquifer below an apartment bloc in Caracas' comfortable Los Palos Grandes neighborhood so that residents now have access to water that jets out of a hose.

Drilling down 90 meters (295 feet) to find a water supply can cost \$20,000 in a country where the minimum wage—including a government food stamp—is worth just over \$2 a month. But in Caracas—a city of seven million people—neighbors have been pooling resources and “paying together” to fund wells, said Araya, a 68-year-old engineer.

Dalila Escalona put \$400 of her savings into one such fund. “We’re making a great sacrifice... the collection hasn’t been easy,” the 59-year-old architect said.

“Although we’re all committed, we’re not all able to pay.” After five months of negotiations via a WhatsApp group, her building’s residents were finally able to pool the necessary money to build the well. It’s a scenario being repeated all over Caracas and the numbers are growing exponentially, Araya says.

Crisis-struck Venezuela has struggled through three years of hyperinflation and been

in recession for seven years, with a water supply that has suffered badly. The independent Public Services Observatory estimates that almost nine out of every 10 Venezuelans suffers from interruptions in their water supply, with some communities going months without receiving a drop.

The reserve that supplies Caracas has seen output decrease by 40 percent in the last 20 years. More than 55 percent of Venezuela’s 30 million people have to store water in pots and bottles, according to the observatory, while 18.5 percent pay for water to be delivered by tankers.

### Fierce competition

Caracas is sitting on “a huge water deposit” that is supplied by rain and streams that run from the El Avila mountain to the north of the capital, Jose Maria de Viana, the former president of the state water company Hidrocapital, said. Several parts of the capital were supplied by this reserve in the 1950s and ‘60s but wells were gradually replaced by water mains completed in 1980, de Viana said.

Reservoirs located miles away from the capital are used by Hidrocapital to supply Caracas.

Water was provided almost free of charge under late former president Hugo Chavez who came to power in 1999 but that took huge public investment and the pumping stations have fallen

market analyst at IG trading group.

“Market watchers move on from the non-event of last night’s... (Fed) meeting to the BoE meeting, which is likely to be equally dull in terms of any policy decisions. “But with Brexit just days away the bank’s view of the situation will be of great interest, providing a useful counter to the cycle of briefing and counter-briefing from the UK and EU sides.” EU negotiator Michel Barnier yesterday said talks with Britain on a post-Brexit trade deal were progressing but that there had been no breakthrough.

“Good progress, but last stumbling blocks remain. We will only sign a deal protecting EU interests and principles,” Barnier tweeted. Regarding US stimulus, lawmakers said they were hopeful of passing a much-needed rescue package for the economy as they haggled over details of a bipartisan proposal that appeared to have broken months of deadlock.

With the two most contentious items removed from the plan, which is said to amount to around \$900 billion, Republican Senate Majority Leader Mitch McConnell said leaders “made major headway”.

As the stimulus talks continued, the Fed held its final policy meeting of the year at which it gave an upbeat assessment of the outlook for the world’s top economy next year and pledged to maintain its huge bond-buying, monetary-easing program until it is back on an even keel.

But bank chief Jerome Powell reiterated the need for US lawmakers to reach a stimulus agreement. —AFP



**CARACAS:** People fill plastic containers with water from a spring water tank at the Chacao neighborhood in Caracas. The drilling of wells in the Venezuelan capital gained strength during the pandemic, in view of the deficient service of drinking water. —AFP

into disrepair under his successor Nicolas Maduro. Whereas 20 years ago Caracas received 20,000 liters (5,280 gallons) of water a second, it now receives only 12,000.

Altogether, the factors have created fierce competition between drilling companies in the capital.

Requests have multiplied during the coron-

avirus pandemic as many people began to see “the necessity” of having a well, Araya said. But it’s not all smooth sailing. These companies need state permits to operate, which can take time.

And when drilling on public land, security services can ask for “contributions,” said Araya. The bribes, he added, are simply “a toll you have to pay.” —AFP

## Stock rise on US stimulus, Brexit hopes

**LONDON:** Stock markets mostly gained yesterday as investors kept an eye on US stimulus progress and the rollout of vaccines but surging infections and new lockdowns tempered gains.

The pound held around 19-month highs against the dollar on Brexit optimism and ahead of a monetary policy update from the Bank of England due at 1200 GMT. The strengthened pound though weighed on London’s benchmark FTSE 100 stocks index featuring multinationals earnings in dollars.

Eurozone equity indices climbed after gains across much of Asia, while the dollar struggled after a Federal Reserve update.

Bitcoin extended gains to a fresh record above \$22,000. The unit, which was wallowing around \$5,000 in March, has soldiered higher since online payments giant PayPal said it would enable account holders to use cryptocurrency. “Markets overall are still in a positive frame of mind, managing to find the good news in an otherwise dull Fed statement and looking forward to some progress on a US stimulus deal, the major narrative behind this market bounce,” said Chris Beauchamp, chief

## EU court raps ‘Dieselgate’ car companies

**BRUSSELS:** The European Court of Justice ruled yesterday that it had been illegal for car companies to install devices to defeat emissions tests and mislead motorists about diesel pollution levels.

“A manufacturer cannot install a defeat device which systematically improves, during approval procedures, the performance of the vehicle emission control system and thus obtain approval of the vehicle,” the court said. The statement identified the manufacturer subject to the complaint as “Company X”, but the case is understood as relating to the “Dieselgate” scandal at German car giant Volkswagen (VW).

The VW group—whose subsidiaries include Porsche, Audi, Skoda and Seat—admitted in September 2015 that it had installed software to rig emissions in 11 million diesel vehicles worldwide.

The so-called “defeat devices” made the vehicles appear less polluting in lab tests than they were on the road. Two VW employees have been sentenced to jail in the United States, as cases linked to the scandal spread around the world, and four former executives and engineers from the group are now on trial in Germany. In the latest case, French prosecutors conducted an investigation



and referred their findings to the ECJ, seeking clarifications of EU law.

The court found that the company had installed software in the cars that only recorded emissions levels in the vehicle when it was being driven in similar conditions to those when it was initially tested and approved. It rejected the argument that the device could help protect the engine from wear and tear over time, since its main purpose was to skew emissions readings.

“In order to be justified, the presence of such a device must allow the engine to be protected against sudden and exceptional damage,” the statement said. “A defeat device which systematically improves, during approval procedures, the performance of the vehicle emission control system... and thus obtains approval of the vehicle cannot come within the scope of the exception to the prohibition on such devices provided for by the regulation.” —AFP