



Brussels, 1 March 2011

Tessenderlo Group Leadership Team Summit

How we should close the water gap

Giulio Boccaletti

With a growing need for water in agriculture but even more in industry we need to find new ways of closing the gap. Giulio Boccaletti, expert associate principal of McKinsey stated that the business-as-usual scenario will not be sufficient and gave the audience an idea of the work that needs to be done.

First of all, there is definitely a problem. Today, the amount of water we need is about 4,500 billion cubic metres: 3,100 for agriculture, 800 for industry and 600 for domestic use. By 2030 we will need 6,900 billion cubic metres. Although agriculture will still be the biggest customer, industry will be the fastest grower.

► A 60 per cent gap by 2030

But it is not only about having enough water. It is especially about having access to that water where and when we need it. One third of the demanding countries is confronted with a gap of more than 50 per cent. Although a country like Ethiopia has enough water, it is not accessible where and when they need it. The business-as-usual scenario will not counter this problem. On the contrary, it will leave us with a gap of 60 per cent by 2030.

► Six building blocks for a solution

McKinsey calculated whether we can close the gap in a cost-effective way. The good news is that it can be done. But we need several solutions. These solutions can be summarised in six building blocks. First of all we need a revolution in the energy-water efficiency. And we will need to do more than **using smarter sources of energy** and **reducing the water loss during the transportation process**. We also have to **broaden our infrastructure models**. In other words, we have to rethink the old model of central collection and distribution.

Besides these building blocks we need an **increase of productivity in agriculture**. The fourth building block has everything to do with **maximising the re-use of water and efficiency in municipalities and industry**. Finally we need to **develop trade systems on virtual water and think of water rights and pricing for large customers**.

A good example of what can be done is Australia. The country faced an augmentation of water scarcity by 40 per cent. But this scarcity had no consequences for its economy because the country succeeded in allocating the available water to the places where they needed it.
