



## CONSULTATION ON THE FUTURE "EU 2020" STRATEGY

### *A word about EUREAU*

*EUREAU is the European Federation of National associations of Water and Wastewater Services. Through 70.000 utilities, our Members collectively provide sustainable water services to more than 400 million consumers. They reflect the full diversity of the European water services sector and represent public, private and mixed operators. As the focus point of a European water network, EUREAU represents a unique concentration of technical, scientific and managerial knowledge and practical experience in water services.*

EUREAU welcomes the initiative of the Commission to submit to debate its main ideas for the **transformation for Europe**. We witness that although quite dependent on local resources surroundings and organisational models, our sector is strongly oriented by high level political decisions which, under the Treaty, are taken at the EU level. The result is that the water services, part of the whole set of services of general non-economic and economic interest, have a high level of requirements and effective performances: it is, and should remain, one of the key assets of EU socio-economy. Also, our sector is faced with climate change, which is a top priority for the world business community, for the Commission and EUREAU. Both mitigation and adaptation should be central to a smart and green economy, and water industry can and should play a leading role in both aspects. We recognise the constraints posed by existing regulatory framework and support the better regulation initiative that truly seeks to remove existing barriers to achieving sustainable and competitive economy.

For clarity we believe some of the concepts noted in the strategy should be defined. For example we need a common definition of "green economy" with clear principles upon which it is based. We consider that modernisation of the economy on "green" principles will require collaboration and strong leadership from EC that encourages

all industries and sectors to look at their entire value chain and production chain. For our sector the interdependence with agriculture in particular is becoming more apparent and challenging. We believe the solution lies in better integration of policies and increased collaboration which will lead to “empowering power in inclusive societies” and create personal and corporate responsibility that supports fundamental principles such as polluter pays, resources efficiency and economic efficiency.

The water sector shares the **constraints and new challenges** included in the Commission’s working paper.

The issue of identifying **adequate ways to enhance economic dynamism** with limited budgetary margin for manoeuvre is quite sensitive in the field of water policies. The legislative framework in the water sector across EU states exists as a consequence of public policies implemented to protect health & the environment both on the EU level and the level of individual member states. It is estimated that more than 80 % of the related legislation is now established at the EU level, where the overarching elements were developed and agreed upon across the past 2 decades. These decisions rightfully resulted in a stepwise improvement and implementation of the EU treaty provisions, in terms of environmental objectives (preservation, protection and improvement of environment and biodiversity) and health protection. Taking in account the ECJ judicature implying direct application of the secondary legislative instruments and the recent final approval of Lisbon treaty with resulting simplification of legislative procedures in between EU institutions, the EU legislative framework is becoming even more important in the water sector. The Treaty on the Functioning of the European Union provides a basic framework for the introduction of guiding principles such as the integration principle, preventive action, polluters pay, fighting pollution at source, the precautionary principle are also referred to in the water policies. A lot still remains to be done, socially, financially and technically to fully implement these principles in the sector. EUREAU members are at the heart of the Urban Waste Water Treatment Directive, or Directive on Water Intended for Human Consumption implementation, and take daily decisions on the ways how to tackle the resulting demands. More recently, the Water Framework Directive (WFD) introduced numerous fundamental governance obligations which are being applied for the first time. Moreover, the WFD & its daughter directives provide for a number of new standards which will take time to be met. It is crucial for water suppliers that such EU-water policies are not discontinued because of budgetary tensions. Well protected and healthy water resources are not an easy solution for water suppliers, but the sustainable solution for EU citizens: Badly protected water resources would continue to increase the threats on, or damages to, the environment and biodiversity, also increase the financial investments needed in water treatment, and in the end, citizen would have to pay for environmental restoration and for water treatment with the water bill. It is vital for the EU that the risk management strategies, which begin to be the cornerstone in all areas of economy and environment protection, are developed, in light of the earlier quoted Treaty guiding principles. Relying on water-bills & local authorities public budgets, the water sector was impacted by the world economic crisis, and had to delay a number of its investments, whilst there is strong

need to continue to adapt, and also to renew the water & wastewater infrastructures: **water investments should be seen as a contra-cyclic investment.**

**Public expenditure needs to be reshaped** to reach the 2020 vision given the fact that water projects are by large under the umbrella of local authorities. This situation results from the Treaty on the Functioning of the European Union and corresponds to the reality: water supply and wastewater service provision are strongly related to the fabric of cities and regions, in that they are a consequence of local urbanism decision. The EU should endeavour to continue supporting local decision making processes with limited but sufficient pan-European standards, goals and guidance, set to protect the environment and the health of the EU citizen, also set to facilitate the transition of the society and economy towards greener situations. The working document makes legitimate claims about public expenditures which should not be threatened. We have to highlight that in addition, environmental monitoring, police, and protection should also be seen as high level tasks, which should not be financed by the water bills only as it is currently mostly the case: The environment in general and water resources in particular are a common patrimony which have to be monitored & protected by state/government funding and not be developed proportionally to local funding available.

As mentioned higher, there is scope for a much better implementation of the Polluter-pays principle & tackling of pollution at source: partial implementation of these principles still yields to pollution & heavier water treatment needs: water treatment plants & waste water treatment plants are generally not designed to remove heavy metals, manmade organic micro-pollutants which are of increasing health & environmental concern. Moreover, as provided for in the WFD, article 7.3, Member States should take measures to protect the resources so that the level of drinking water treatment can be lowered, with subsequent avoidance of chemical use and CO<sub>2</sub> emissions. The introduction of the REACH regulations and similar sector regulations will deliver considerable benefits but at a slow pace and at high costs to the industry in general. At the level of education, program should more explicitly cover water protection principles applicable at the citizen level. Regarding the application of the prevention principle to drinking water quality, together with the objective of free circulation of products and equipments in the single market, EUREAU advocates for harmonised tests and requirements concerning the ability for materials to be put in contact with drinking water. The “de facto” abandon of a European acceptance scheme (EAS) could be compensated by relevant provisions in the revision of Drinking water directive.

This is coherent with the **need to recognise that the wise, efficient use of energy, natural resources and raw materials**, with increasing productivity, is a key **driver of the future EU competitiveness** of our industry and our economies. The Water sector is already doing its fair share, curtailing water abstractions despite a growing number of connections to the distribution network and economic growth, with evidences of significant water abstraction reduction in wide areas. The factors which proved efficient were the implementation of environmental quality standards which led the major water consumers (industries & services) to reengineer their internal water cycles. The gradual implementation of the user-pays principle, with

metering when necessary, also plays a role but probably not alone (due to the low price elasticity explained below). Also, the water sector is working to reduce the carbon footprint by reducing energy consumption and reducing the use of raw materials/chemicals, although at the same time the tightening of EU standards can easily incline to more chemical and energy intensive processes. It is important at this stage to recognize the importance of EU-wide rules to appreciate carbon or water footprint, so that the perimeter of calculation and decision making are consistent throughout the EU. EUREAU members are working hard towards introducing “greener” principles to the policy framework of their local economies, through the implementation of water reuse solutions, when appropriate through matter recycling and or energy production, and in coastal areas, with desalination, jointly with leakage reduction to relief the pressure on freshwater resources.

The **challenge in our demography**, with a lower proportion of young people in the overall population, also applies to our industry whose demographics show a high proportion of workers above 50: EUREAU hence will pay utmost attention to solutions selected by the EU, which are expected to benefit to the water sector. Similarly, a number of other issues mentioned in the working document are also applicable to the water sectors, such as the integration of an increasing immigrant population: A number of workers of the water sector belong to these populations and are subject to specific social arrangements. There too, we shall be interested in, and benefit of, the solutions implemented.

EUREAU shares the idea that the challenge of becoming a **smarter, greener economy** will require **increased policy coordination**. Because of its strong regional/local base, the water sector will soundly continue to rely on local initiatives (cities, regions etc.), as is fully recognized in the WFD. However, high level principles & standards, including environmental quality standards which are relevant across the EU, should be decided upon at EU level. The EU should also find agreements on concepts such as the appropriate scale for risk analysis, environmental footprint analysis, and green house gas emission assessment.

To finish this chapter, EUREAU is thinking in sustainable development terms, and our social, economic and environmental objectives must go hand in hand if we are to deliver on our thematic priorities. Water policies are a recognized condition of health, economic development and well-being, as underlined by the Millennium Development Goals, and represents an historical precursor of sustainable development solutions. In this respect the climate change represents the utmost challenged to biodiversity, environmental, and health protection. The Water Sector takes it very seriously, will provide ideas and will necessarily be a critical part of the solutions, in adaptation measures and mitigation measures alike.

### **Key priorities for EU 2020**

#### ***1. Creating value by basing growth on knowledge***

We strongly support the idea of strengthening **education** as one of the most effective ways of **fighting inequality and poverty**: we confirmed earlier our commitment to enhance the employability of young people, the greater emphasis on vulnerable groups, and to gender equality and social cohesion: these are challenges also for our industry, which will benefit of chosen solutions. We also agree that Europe has some of the best universities in the world, but we urge EU to change EU universities, in that the water sector specificities are only poorly recognized by academic trainings: this result in a relatively long period of adaptation of young employees; and example is the lack of young graduates with expertise in sanitary environmental engineering. EUREAU also deeply support the need to have students mastering several languages, due to the very local nature of water utilities, crossed with the by definition global nature of science. Also, an efficient, effective and well-resourced **European Research Area** needs to maximise and accelerate the practical benefits of research for Europe's businesses and SMEs - including through major public-private partnerships. We deplore that only a very marginal proportion of the EU R&D effort on water can be used in water and waste water services operations. We fully recognize and support the need for back-ground research, but symmetrically, we believe there is scope for a more applicable research for the water sector meeting the problems in the day-to-day routine. There should be a serious focus on a good collaboration between university/research institutes and operational bodies as water suppliers to safeguard the relevance of the research.

Europe should tap fully the potential of **the digital economy**: Concrete steps towards the completion of an Online Single Market, as a key element in Europe's sustainable economic recovery and social development will benefit to the water sector: we are increasingly using the digital resources, with a scope for a better environmental protection and economical efficiency with the development of ICT & sensors. The transition of the memory or paper based information to Geographical Information Systems (GIS) is still underway and must be enhanced. Basin Management should in the future benefit even further in the application of such technologies, but EUREAU urges the Commission to favour a streamlining of River Basin Management Plans into common GIS software; water suppliers use intensively GIS for water resources monitoring and risk management, e.g. to collate and asses resources data, as an early warning system against hazardous substances possibly reaching the abstraction points.

The importance of developing **smart grids and smart networks** is stressed in the working document: water services, as part of the network industries, have specificities of utmost importance with regards to the EU Treaty, i.e. local extension and health aspects. We may take advantage, for example, of smart metering to help end users controlling their consumption, and EUREAU members are already engaged in the deployment of such techniques. Nevertheless, EUREAU draws attention of the Commission to the fact that the development of smart metering should be done in full respect of the protection of the citizens and of the privacy of their personal data. EUREAU also believes that the development of the internet should favour democratic expression, which, in 2009, still was in its infancy for example in the River Basin Management Plans: the water sector expects more transparency and a better engagement with the civil society. Promoting exports by knowledge valorisation is an

important challenge for the future. EUREAU's members should contribute to knowledge valorisation by participating in the enormous task of reaching the Millennium Development Goals on Water & Sanitation at the global scale, using the diversity of associative, industrial, institutional and financial resources.

## ***2. Empowering people in inclusive societies***

The **rethinking of education systems and labour markets**, the enhanced mobility, is one of our concerns. The number of job changes to and from the water sector is relatively limited. Whilst the deep local aspect, and the specific know-how of our work calls for a strong stability of a significant proportion of jobs, a number of tasks can be effectively performed by people which should benefit of an enhanced mobility: we think for example of ICT technicians which play an increasing role in water and wastewater service operations. EUREAU hence fully supports the ***flexicurity*** and hopes it will be deployed to the full.

Modern social security and pension systems, adapted to the crisis and to the ageing of the European population, will be needed; EUREAU members are all faced with affordability issues and developing solutions with local, regional & national agencies, so that the poorest keep their access to water and their service costs are taken in charge in a sustainable way. With the stricter requirements in terms of quality of drinking water supplied, and of treated wastewater discharged, and with the growing needs in investments both for meeting the objectives of WFD, and for maintaining the physical assets of water utilities, there is a risk that in the future a growing number of poorest water consumers could not afford the charges for water provision. Therefore, the general objective of social inclusiveness deserves to think about possible "social tariffs" and about new economic models for the water utilities, where the objective of "full cost recovery" could necessitate adapted exemptions.

EUREAU members are also willing to **create more jobs**. We warmly welcome that call for a more entrepreneurial culture to take hold in Europe, with a more positive attitude towards risk-taking and a capacity to innovate: in our daily activities, water operators are increasingly faced with a lack of visibility which arises from the growing burden of bureaucratic tasks. We fully understand that reporting obligation and transparency are consubstantial to public services, but there is a need for legal visibility, and the EU should make an effort in this regard.

## ***3. Creating a competitive, connected and greener economy***

Europe needs to remain competitive in the future world of relatively high energy prices, carbon constraints and significantly greater resource competition. EUREAU members are committed to a more efficient use of resources, including energy, and the application of new, greener technologies: we are gradually analyzing our carbon footprint and making our best efforts to reduce it, through the reduction of the energy intensiveness of our services (e.g. change motor pumps in water abstraction etc.), also, where possible, the production of energy from waste and finally using as much as possible green energy resources. The EU and we, as water & waste water service

operators, should however never forget the main goal of our activity, i.e. to protect the health and the environment. We rather believe that there is a strong link between energy policies and water policies, which is partially established and should be enhanced.

**Greening the economy** and becoming more productive by reducing pressure on resources, through targeted regulation (e.g. promoting energy-efficient products and systems), through emission trading, tax reform, through grants, subsidies and loans, through public investment and procurement policies, will strongly influence the water sector, both indirectly (as illustrated earlier with the decline of water abstraction in numerous cities), and directly through a modification of the water sector specific targets. We shall tap into the high-speed networks, the upgraded **transport and energy** infrastructures, for decarbonisation, transport safety, energy security.

By 2030 the EU will have to replace half of its existing electricity plants, but also a very significant part of its water and wastewater infrastructures: EUREAU wants to underline the issue of the ageing buried assets, with its consequence in terms of reliability, and also carbon emission and pressure on resources. We warmly support the development of a European electricity super-grid to enhance the use of renewable electricity, but the EU will also have to face the water infrastructure renewal challenge.

As a consequence of drinking water consumption decline, a number of our utilities are also trapped by the issue of **structural excess capacities**. At the same time, all utilities throughout the EU have to restructure their operations and invest to allow the water bodies to reach the good ecological and chemical status required by 2015, and drinking water to meet quality & safety criteria. Also climate change represents a key challenge for the water sector in terms of availability of water, flooding in urban areas and impacts on water and wastewater treatment systems and assets. As an example, reclaimed water must be recognized by the legislation to allow its development in response to water shortage and drought. EUREAU also stresses that contrary to a number of industrial sectors, the water infrastructures are designed for long life time, often between 30 & 50 years: hence, there is a growing need to deeply reshape the assets.

### **Making it happen: Harnessing existing instruments in a new approach**

In full respect with its Treaty, the EU has set itself ambitious goals. Environmental protection, health protection, environmental health, and more recently, biodiversity protection! Experts and now the EU citizens show an increasing sensitivity to environment and climate change issues. No one in the political arena argues about the legitimacy of the decisions taken in the past decade. The European water infrastructure and services root in a long established tradition of hygiene and environment protection, which now yields outstanding goals. In line with its Treaty, the EU is leading a pioneering approach to these matters. The challenge of becoming a sustainable social market economy, i.e. an inclusive, smarter, greener economy,

requires matching funds which should be identified for such policies to fully apply to the water environment. The co-ordination, and better synergies have to make the best of national settings and experiences, also taking account the natural diversity of natural, cultural and social surroundings. The EU should consider revising the existing environment legislations or introducing new ones whenever appropriate in light of new facts. A number of framework directive were introduced recently, and we see a need to continue structuring environmental matters and decision making with a minimum number of standards relevant across the EU, so that good water status, drinking water quality, good soil status, irrigation water, etc., mean the same thing throughout the EU, pending specific local issues and contaminants. These legislations should also be written in a way such that MS are asked to streamline their existing legislation into a coherent body of rules. In this process, we warmly invite the Commission to detail further the EU2020 strategy for environment matters, so that the legislative agenda gains in clarity. Impact assessments should benefit of a sufficient time allotment and allow stakeholders to fully develop their arguments. Impact assessments should also assess the impacts new EU policy initiatives will have on the environmental policies of the Member States in order to avoid the implementation problems so often encountered in the past.

Hence, EUREAU fully supports the EU Strategy for 2020.

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