



Working Group 3: Incentive Water Pricing

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1. Incentive water pricing

- Overall: interesting & positive discussion
- Unclear if incentive pricing in Art. 9 deals only with w. services (as specified by MS) or includes all water uses (in this context: diffuse pollution etc.)
- But: agreement that incentive pricing needs to be considered as a potential cost-effective measure to reach WFD objectives (Art. 11);
- Consider applying incentive pricing when an environmental problem exists (WBs "at risk") + opportunities to change behaviour exist (elasticities)

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2. Leading Question:

What is the importance of water pricing incentives & incentives from CAP payments for sustainable water use?

- [Do CAP payments really potentially create negative incentives for water use?]
- CAP incentives can be so significant, making changes in pricing less relevant (today; wait after CAP reform to re-evaluate)
- **But: start thinking of pricing incentives in specific cases!**



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3. Leading Question:

What are the main potential links on the financial aspects of WFD implementation and CAP reform?

- Potential incoherence between financial support for irrigation improvements and WFD-cost recovery, if water savings do not “go back to environment”
- Be careful: irrigation improvements can lead to worse environmental situation (higher abstractions) if not supported by water pricing increase
- “No-lose solution”: savings for the environment, consumptive use same/larger, according financial contribution of farmers (“cost sharing”)



Follow-up work

- Include Swedish example on tax on fertiliser use (diffuse pollution)
- Looking for further Member States Examples: see document (more on quality), please contribute
- More clarity on water uses in Art. 9 required
- Polluter-pays vs. User-pays: include link through “adequate contribution of w. uses to costs of water services”
- Include issue of linking “command & control” systems with incentive mechanisms (“carrots & sticks”): yes possible, but non-trivial



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