

Brussels 17 May 2006

**To:** European Commissioner for the Environment  
Environment Ministers of EU Member States, Norway and Accession countries  
Members of the European Parliament, Environment Committee

**CC:** Permanent Representations to the EU

**European Water Policy fails to clear first implementation hurdles**  
**Urgent measures necessary to improve economic framework conditions**

Dear Minister,

We have pleasure in sending you a copy of our latest report on the quality of the implementation of the EU Water Framework Directive (WFD): *"Making economics work for the environment: Survey of the economic elements of the Article 5 reports of the EU Water Framework Directive"*<sup>1</sup>.

In 2005, national authorities published their first assessment of the environmental problems as well as economic analysis of water use - the "Article 5" reports. They show that Europe has a long way to go to achieve ecologically sustainable water management and that existing infrastructure serving hydropower, agriculture, navigation and flood control are major obstacles. But with a few exceptions we find that Member States have failed to integrate those environmental concerns into the economic assessment and thus risk missing a great opportunity to make economics work for the environment. In most cases, the definition of water services and the cost-recovery assessment is not in line with the law and EU guidance. Based on the current reports we are not able to understand who pays for what, whether this is fair and how this contributes to making polluters pay.

We therefore urge you as responsible EU decision-makers to do everything in your power to correct this negative development in order to maintain the integrity and credibility of Europe's water policy. Specifically, we request that:

- **Member States** revise the WFD Article 5 economic analysis by 2008, to achieve a correct and environmentally meaningful definition of water services and assessment of water service recovery costs by the responsible water users. And to analyse the incentive dimension of water pricing. All are key instruments for meeting effectively the WFD's environmental objectives.
- **The European Commission** ensures correct application of the law, specifically the definition of water services
- **Members of the European Parliament** give WFD implementation a much higher political profile, to ask the Commission and respective Member States to correct the flawed application of WFD requirements.

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<sup>1</sup> Find it in digital form at: [www.eeb.org](http://www.eeb.org) [latest publications] and <http://www.panda.org/epo>

The European Environment Bureau (EEB) and WWF, the global conservation organisation, see the EU Water Framework Directive as the most important legislative tool for freshwater conservation across the EU. But we remain sceptical as to whether governments will actually change from 'business as usual' to integrated river basin management and avoid the repetition of past mistakes as, for example, with the implementation of the Nitrates Directive. For this reason, we decided to build on previous NGO surveys carried out in January and November 2004<sup>2</sup> and undertook a thorough assessment of the Article 5 reports' quality.

The assessment focused particularly on the economic analysis of water use as presented in these reports. Economics is given an important role in the WFD implementation. Economic assessments should support the selection of environmental protection and restoration measures and help develop economic incentives, which integrate environmental concerns into other EU policies and business activities. They should also help identify cases transparently where exemptions from the environmental objective of achieving a good status may be justified. If abused, economic analysis could undermine the WFD's environmental objectives. Used well, economic arguments can promote sustainable approaches to the management of freshwater resources.

With 26 NGO participants from 20 European countries we believe that the reports' findings are representative. They show that governments have largely failed to link environmental with economic appraisals. While environmental problems are clearly defined, the sectors causing those problems are mostly not identified as users of water services for which a cost recovery assessment, including environmental and resources costs, has to be made.

Our findings are sobering. There are only a few examples of best practice, like the Seine-Normandie district in France and Lielupe river basin in Latvia, which could serve as a sound basis for establishing an effective and well-financed programme of measures to achieve the WFD environmental objectives in 2015.

In most other cases the economic part of the Article 5 report needs to be improved before the end of 2008 in order to ensure the establishment of a credible and effective programme of measures by the end of 2009.

If the shortcomings and limitations of the Article 5 analysis we have identified are not corrected, the EU will miss out on a great opportunity to better manage the water environment and make progress towards ensuring the integration of environmental concerns into other policies.

Hoping you will find our Report's findings and recommendations useful in your efforts towards successfully implementing the Water Framework Directive.

Yours Sincerely,



John Hontelez  
Secretary General  
European Environment Bureau  
Bvd. de Waterloo 34, B-1000 Brussels



Tony Long  
Director  
WWF European Policy Office  
36 Avenue de Tervuren, B - 1040 Brussels

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<sup>2</sup> EEB, May 2004: "The quality of national transposition and implementation – A snapshot - Results of an NGO questionnaire by the EEB", available at <http://www.eeb.org/activities/water/11-WFD-implementation-quality-a-snapshot-EEB-May2004.pdf>; EEB and WWF, March 2005: "The quality of national transposition and implementation of the Water Framework Directive at the end of 2004 - A second "Snapshot" Report - Assessment of results from an environmental NGO questionnaire" available at <http://www.eeb.org/activities/water/making-WFD-work-February05.pdf> and <http://www.panda.org/downloads/europe/waterframeworkdirectivesnapshotifefbruary2005.pdf>