



## Report on the 7<sup>th</sup> meeting of the Intergroup Water, 8 February 2011

### “Water and Regional Development”

**PRESIDENT:**

Richard SEEBER (EPP)

**VICE PRESIDENTS:**

Judith MERKIES (S&D)

Holger KRAHMER (ALDE)

Satu HASSI (Greens)

Robert STURDY (ECR)

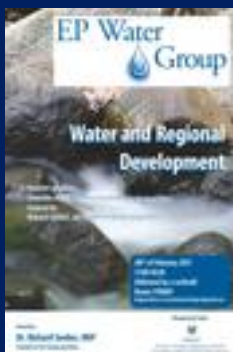
Marisa MATIAS (GUE)

Anna ROSBACH (EFD)

**SECRETARIAT:**

Durk KROL (EUREAU)

[secretariat@intergroupwater.eu](mailto:secretariat@intergroupwater.eu)  
[www.intergroupwater.eu](http://www.intergroupwater.eu)



European Commissioner for Regional Policy, Mr. Johannes HAHN, addressed the Intergroup Water at its February meeting on the solutions how to improve the water quality at regional level. The Commissioner presented the investments already done on the water sector, but he acknowledged that further investments in innovation need to be done. He highlighted the need of collaboration and will among all the actors. The key note speech was followed by a lively debate between the Commissioner and the public. The meeting was very well attended by around 140 participants from a wide range of organisations. The attendees were welcomed by the President of the Intergroup, MEP Dr. Richard SEEBER and by Klara SZATKIEWICS, president of EUREAU. The meeting was concluded with a cocktail drink.



# Intergroup Water/Wasser

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**Introduction speech by Ms. Klara SZATKIEWICS,**

**President of EUREAU**

Dear Commissioner Hahn,

As president of EUREAU, the management body of the Intergroup Water, I would like to seize this opportunity to share with you the perspective of the water services sector with regards to the interface between and Water and Regional Policy.

Europe is recovering from one of the worst economic and financial crises of the last few decades. This situation has strengthened social strains and deepened differences between Member States, particularly in the case of certain countries which have been forced to introduce harsh policies aimed at recovery.

With specific reference to water, whilst the combined level of investment that is needed at the EU27 level is extremely high, there have been widespread delays in investments at national and local levels. And yet these are actually typically contra-cyclic investments, necessary to build, improve or maintain infrastructure, and which are fundamental to bringing economic opportunities, improve productivity, drive down costs and boost competitiveness. In particular, investments directed towards public services (such as water-related services) are directly contributing to the achievement of the EU2020 objectives, from a resource-efficiency perspective for example, as well as other fundamental environmental and climate change objectives.

Thus regional policy plays, and must continue to play, a fundamental role in providing an optimal leveraging of public funds (both EU and national), ensuring that the public services investments that are needed are maintained, and thereby continuing to reinforce social and territorial cohesion of Europe.

We are happy that the current Commission agenda contains a number of important issues directly or indirectly linked to water services and water, specifically:

- Innovation Union as part of the 2020 strategy for smart, sustainable and inclusive growth
- Review of Agricultural and Regional Policies
- Roadmap on a Resource Efficient Europe
- Blueprint for Europe's Waters
- Implementation Report Water Framework Directive
- Policy Review Water Scarcity and Droughts



# Intergroup Water/Wasser

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- “Climate Review” of all EU water policy
- Revision of the Drinking Water Directive (DWD) and especially the implementation of the Water Safety Plan (WSP)

These represent actions that serve to boost the European Union’s stance in harmony with the Europe 2020 strategy. These are several levers that the EU can use to make contributions in this direction. It is EUREAU’s opinion that this should be taken into account in the forthcoming “EU Financial Perspective”.

Cohesion and structural funds should continue to benefit to all regions, but also take into consideration the pressure that less developed Member States are facing, including with regards to the water infrastructure and the implementation of the related EU legislative framework, in particularly the WFD and the UWWTD.

The current situation shows us that there is a need to facilitate and optimize the “consumption” of structural funds, and to ensure their use in a way that is fully compatible with EU objectives (and thereby responding, for example, to environmental, climate change and adaptation and social pressures amongst others).

Implementation procedures and controls are generally considered too complicated, especially with regards to the administrative aspects. At the same time, more flexibility is needed to respond to changing circumstances and withstanding the pressure of unforeseen events. The current financial and economic situation is probably the best example. In this context, the cohesion policy must become a tool to leverage public funds and encourage the emergence of public interest investments, be they publicly or privately managed or co-financed operations.

A general assessment of the existing system is in any case necessary because the system is often perceived as non-transparent and too complex. Also the development of enhanced instruments for monitoring projects and their state of advancement is a further element pointing in this direction. The solution of these problems could also lead to a possible broadening of the stakeholder base and consequently to facilitating the selection of deserving ideas and projects.

In conclusion, I would like to say that the water services sector appreciates all benefits coming from EU regional policy. We are proud of accomplished investments. However we are also aware that there are still many challenges ahead, challenges that we may only be able to meet with the help of EU regional policy.



**Johannes Hahn**

Member of the European Commission

## **Water and Regional Development**

### **SPEECH**

Dear Intergroup Members,

Ladies and Gentlemen,

Thank you very much for inviting me to this Intergroup meeting on water and regional development.

Growing up in Austria, I took clean water for granted, as many did and still do. In fact, until now, most Europeans have been spared from social, economic and environmental impacts of severe water shortages.

However, the balance between water demand and availability has reached a critical level in many areas of Europe.

We just need to take a look at countries or regions like Cyprus, Bulgaria, Spain or many other Southern and coastal regions to see that the water resource is under severe stress.

This is mainly due to over-abstraction and prolonged periods of low rainfall or drought.

Reduced river flows, lowered lake and groundwater levels, and the drying up of wetlands are widely reported, alongside negative impacts on freshwater ecosystems, including fish and bird life.

Moreover, where the water resource has diminished, a worsening of water quality has normally followed, simply because there is less water to dilute pollutants.

In addition, salt water increasingly intrudes into “over-pumped” coastal aquifers throughout Europe.

Climate change will almost certainly exacerbate these adverse impacts in the future, with more frequent and severe droughts expected across Europe.

I am sure that you had a very interesting and informative discussion with my Colleague Connie Hedegaard on this issue during your last meeting.

From the Regional Policy perspective water shortage poses a major challenge to regional development, given the numerous and diverse applications of water.

I am not only thinking of water in terms of public water supply or waste water management.



# Intergroup Water/Wasser

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Actually water abstraction for public water supply amounts only to 21% of total water abstraction.

In the EU water is primarily used for energy production, accounting for 44% of total water abstraction and foremost serving as cooling water.

24% of abstracted water is used in agriculture and 11% for industrial purposes.

These EU wide figures for sectoral water use however mask strong regional differences.

In Southern Europe, for example, agriculture accounts for more than half of total national abstraction, rising to more than 80% in some regions, while in Western Europe more than half of water abstracted goes to energy production as cooling water.

So, water is not only a precious resource, every region has also a different job to do when it comes to the conservation of water.

In our cities, we still see a high leakage of drinking water due to old and leak copper and lead-pipes which amounts up to over 50% in some European Cities.

Thus, regions and cities have a central role to play as they are often key actors in the delivery of the investments in areas such as energy investments or water management.

Regional Policy has already significantly invested in water services for decades with impressive results: In the period 2000-2006 the additional population connected to wastewater treatment in the EU is estimated to be around 40 million (12% of the population) while 14 million more people have been connected to modern water supply systems.

But to improve socio-economic and territorial cohesion across the entire EU we need to support the regions and cities to shift now towards a low-carbon and resource efficient economy which provides local development while preserving the natural environment and resources, including water.

That's why Cohesion Policy is at the heart of Europe 2020 for smart, sustainable and inclusive growth.

In the current period about 30% of the total Cohesion Policy funding, 105 billion will be invested directly or indirectly in sustainable growth, 14 billion only in water management (drinking water and waste water treatment).

To underline how our policy can support regions and cities in implementing Europe 2020 priorities the Commission adopted a Communication on "Regional Policy contributing to Sustainable Growth in Europe 2020" End of January.

It complements the Resource Efficiency Flagship by mobilising and empowering regions to deliver sustainable growth.

It was very important to me to point out two central messages with this communication:

First, we wanted to point out the need for further investments in sustainable growth.

Some regions have already engaged with this critical shift.



# Intergroup Water/Wasser

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They have taken steps to invest in palliative measures and are seeking to restructure their economies towards opportunities offered by “green technologies” and their application in the form of new products or services.

In fact, EU's regions and cities are among the main building blocks of a EU which is still the worldwide leader of green growth.

But as other actors (US, China, South Korea...) are catching up, we have to reinforce our investments to maintain the jobs and development opportunities for tomorrow.

In this respect, investing in the low-carbon and resource efficient economy means first and foremost boosting the competitiveness of all regions and their companies.

That's why innovation and eco-innovation also stand at the heart of our policies and are underlined in our Communication as key sectors of investments for regions and cities: innovation in water is part of those opportunities for socio-economic development.

For example, Cohesion Policy supported a project to find a cheap and ecological solution for producing drinking water for the water stressed islands of the Aegean by integrating a desalination unit with wind power and photovoltaic system on a boat.

Ladies and Gentlemen,

The second core message of the communication is to call for improved delivery mechanisms by applying sustainable development principles in the operation of the funds.

As regards water it calls our Managing Authorities to fully consider the water hierarchy and give priority to projects on water savings and water efficiency.

In addition, they are encouraged to use our funding for natural risk prevention projects that can preserve ecosystem services such as water quality and quantity.

Till now we always hear of "energy efficiency" in buildings but I think we should more and more think of "water efficiency" in buildings as well, especially in urban areas.

We don't need to flush our toilets with drinking water; we should distinguish more effectively between "grey water" and "drinking water" and invest in the technologies available.

Moreover, Managing Authorities should prioritize “green infrastructures” such as flood plains restoration, which allow for preserving clean water availability.

We also insist on the cross-border and transnational dimension of sustainable development.

Working in partnership and networks across borders is essential to tackle challenges.

For example, the MEDDMAN project, with support from EU funds, took an integrated approach to address the threat of water shortages in the western Mediterranean region, by developing strategies and tools for better management of water resources and soils in the concerned regions of France, Greece, Italy and Spain.



# Intergroup Water/Wasser

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The aim was to ensure continued and improved economic growth in the region. It examined ways of reusing water and promoted co-operation between regions and countries to combat drought, developing an integrated system to evaluate the state of surface water and groundwater resources.

In this regard water management will also play a central role in the macro-regions (Baltic Sea and Danube Strategy).

As I always say with regard to the Danube River. It does not make sense to clean upstream if pollution takes place downstream and vice versa.

Ladies and Gentlemen,

These two core points – investing further in sustainable growth and mainstreaming sustainable development principles – will also be an integral part of the future Cohesion policy.

As you know we have put forward a policy proposal that aims to focus more on results and performance.

For that we want regions to align their regional development strategies more vigorously with Europe 2020.

They should choose from a thematic menu their key priorities in which they want to invest to succeed their regional development strategy.

But more importantly they should set themselves ambitious and binding targets to better evaluate progress and they should fulfil conditions in order to guarantee a smooth and swift implementation.

I give you an example how this could contribute to a sustainable water policy.

If regions wanted to make further investment in waste water treatment they should make sure that they have a well functioning water pricing system in place.

I think we all agree that water pricing is a key mechanism to achieve more sustainable use of water across all sectors.

Ladies and Gentlemen,

All in all solving the problem of water comes down to two main drivers: Collaboration and Will.

We need collaboration between all of us, whether in the private or public sectors, to ensure sustainable use of water. And together, we need to take an integrated approach that goes beyond just technology but includes water usage, management, delivery, infrastructure, finance, and education ... the entire supply and delivery chain.

And, like most other challenges we face, success also takes a heavy dose of will.

As it is commonly said: “If there is a will there is a way.”

- Government must have the will to drive policies that make sense... policies that ensure affordable water and are integrated across all domains.



# Intergroup Water/Wasser

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- Society must have the will to conserve and re-use existing supplies, while devoting the effort to match specific needs to sustainable solutions.
- And businesses must have the will to innovate and to create the necessary technology solutions

I am convinced Cohesion Policy is an indispensable catalyst to trigger these two drivers.

But I am also convinced this issue needs more political attention on the European agenda.

That's why I am very happy and grateful that this Intergroup is dealing with this important issue in a very transparent and inclusive way.

Thank you for your attention!