The Polluter-Pays Principle in the Agricultural Sector –
Role and Relevance in WFD Implementation

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Water resources protection and agriculture - contradiction or solvable problem?

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• Implementing the Water Framework Directive (WFD): (financial) challenge for the agricultural sector or business-as-usual?

• Which role for the polluter-pays principle (PPP) in WFD implementation?

• Does the WFD necessitate changes in the understanding of PPP in agriculture – or is it special?

… For a detailed discussion: see background report to the conference
• Overall aim of the WFD: reaching good water status of all European waters by 2015

• One major impediment in most European Member States: diffuse pollution from agriculture

• Extensive (and expensive) measures will be needed

  → Relevant questions in this context:
    – Which measures are most effective? (see report)
    – Who will (be able to) pay – role of the PPP?
PPP – a guiding principle of the WFD

Preamble (11)
[...] the Community policy on the environment is [...] to be based on the precautionary principle and on the principles that preventive action should be taken, environmental damage should, as a priority, be rectified at source and that the polluter should pay.

Preamble (38)
The principle of recovery of the costs of water services, including environmental and resource costs associated with damage or negative impact on the aquatic environment should be taken into account in accordance with, in particular, the polluter-pays principle.
Next to preamble, PPP only mentioned in Article 9

“Member States shall take account of the principle of recovery of the costs of water services, including environmental and resource costs [...] and in accordance in particular with the polluter pays principle.”

“Member States shall ensure by 2010 [...] an adequate contribution of the different water uses, disaggregated into at least industry, households and agriculture, to the recovery of the costs of water services [...] taking account of the polluter pays principle.”
The Role of the Polluter-Pays Principle in the WFD III

- Definition of water services and water uses is crucial for determining the scope of the PPP and its relevance within WFD implementation.

**Art. 2(38):** “Water services” means all services which provide, for households, public institutions or any economic activity:
- (a) abstraction, impoundment, storage, treatment and distribution of surface water or groundwater
- (b) waste water collection and treatment facilities which subsequently discharge into surface water.’

**Art. 2(39):** “Water use” means water services together with any other activity identified under Article 5 and Annex II having a significant impact on the status of water.
Why is this distinction at all important?

• Cost recovery and environmental and resource costs (ERC) assessments only relevant for water services
• Definition and delineation of “water uses” and “water services” determines scope of application of the PPP
Applying the Polluter-Pays Principle – is Agriculture special?

So what about agriculture – water service or water use? …depending on the context

• **Water service**: (significant self-supply for) irrigation → cost recovery (including ERC) in accordance with PPP
  – **Example**: Next to financial costs e.g. environmental cost due to salination or over-abstraction should be recovered.

• **Water use**: diffuse pollution to surface water or groundwater – if it has a significant impact on water status → “adequate contribution” determined by PPP
  – **Example**: Additional treatment costs for water suppliers (water service) due to diffuse pollution from agriculture (water use) should be allocated **according to PPP**
Applying the Polluter-Pays Principle – is Agriculture special?

- **Traditional understanding of the polluter-pays principle for the agricultural sector:**
  - Meeting standards of “good farming practice” is equivalent to implementing the polluter-pays principle
  - Compensation payments for water protection efforts by the agricultural sector beyond this threshold

→ **Definition of “good farming practice” determines scope of application of the PPP**

  … in terms of Article 9: e.g. “adequate contribution” to costs of water supply limited to inadequate implementation of “good farming practice”?

  … but: what about remaining water pollution from agriculture?
Outlook on questions warranting further discussions

- Are adaptations to the “good farming practice” required for meeting WFD objectives?

- Which additional financial burden is
  … the agricultural sector able to take on considering other objectives (e.g. maintaining farming, ensuring stable food prices & reasonable income for farmers)?
  … required for reaching the Directives objectives?

- How to pay for measures – can we make better use of existing financing mechanisms to increase synergies? (…but water only one priority, different planning cycles, etc.)

- Do we need new financing instruments (e.g. a “water use charge”)?
Thank you very much for your attention!