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Opinion of the European Economic and Social Committee on ‘Umbrella Opinion “A call for an EU Blue Deal”

(own-initiative opinion)

(C/2024/878)

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The opinion is the result of nine sectorial European Economic and Social Committee (EESC) opinions that form part of the Blue Deal package ⁽¹⁾ since combating water scarcity has not yet received the full political attention it deserves.

1. Water challenges

1.1. Water stress, i.e. a mismatch between the demand for and supply of water, is a major and growing concern in Europe. While in 2010, the UN General Assembly explicitly recognised the human right to water and sanitation, globally around 2,2 billion people still lack access to safely managed drinking water ⁽²⁾. According to the European Environment Agency (EEA), about 20 % of Europe and 30 % of Europeans are affected by water stress during an average year. Europe needs a swift transition towards a water-smart society. Without action, water poverty will affect ever larger proportions of societies around the world, with far-reaching implications for economic, social, and political stability.

2. Why a call for an EU Blue Deal?

2.1. Access to high-quality, affordable water and sanitation is a fundamental right, and it is unacceptable that there are still people who have no access to water and sanitation in the EU.

2.2. The EU has set up legal frameworks and developed initiatives to protect water resources. However, many of the objectives set have not been reached due to insufficient funding, slow implementation and insufficient integration of

⁽¹⁾ REX/570 — Water Politics: Between Desertification and Securitization — Time for a Blue Diplomacy (not yet published in the OJ), OJ C 349, 29.9.2023, p. 74, OJ C 349, 29.9.2023, p. 60, OJ C 146, 27.4.2023, p. 35, OJ C 146, 27.4.2023, p. 41, OJ C 349, 29.9.2023, p. 80, OJ C 349, 29.9.2023, p. 50, OJ C 349, 29.9.2023, p. 87, OJ C 349, 29.9.2023, p. 18.

⁽²⁾ UN, Water and Sanitation Department of Economic and Social Affairs (un.org).

environmental objectives in sectoral policies. Out of the 17 Sustainable Development Goals, two relate to water. The EU has made only moderate progress towards Sustainable Development Goal (SDG) 14 'Life below water' ⁽³⁾. As for SDG 6 'Clean water and sanitation', trends regarding water quality in the EU are negative, with concentrations of some surface and groundwater pollutants rising.

2.3. The 2023 UN Water Conference called for 'game-changing commitments to bring the Water Action Agenda to life' ⁽⁴⁾. Furthermore, the European Council has acknowledged 'the need for enhanced EU and global action on water' and underlined 'the importance of a strategic EU approach to water security' ⁽⁵⁾. The European Parliament has called on the European Commission to rapidly develop guidelines on the management of transnational shared river basins and to ensure a balanced prioritisation between water uses ⁽⁶⁾.

2.4. The existing tools to address water challenges remain fragmented and water-related objectives are not well integrated across all EU policies. In view of the challenges at stake, in October 2022 the EESC chose water as its cross-cutting priority for 2023. The EESC believes that water crisis is a reality, but that it is not too late to act. A change of scale is needed; the current EU policy framework is not fit for purpose and must be updated with the same determination with which the EU has tackled the climate crisis through the Green Deal. The EESC demands clear leadership at the EU, national and regional levels responsible for water. The Committee calls on the European Commission to start addressing water as a priority and to propose an EU Blue Deal as a standalone strategic priority, on a par with the EU Green Deal.

2.5. The EU Blue Deal must have full complementarity and synergy with EU Green Deal and the SDGs.

2.6. Addressing and mitigating the consequences of the current and future water crisis will only be possible with adequate water resource governance. As regards freshwater, including underground water, the EESC advocates a river basin approach involving all relevant stakeholders. Cross-border river basin cooperation initiatives that are already in place should be further deepened, developed and financed.

2.7. The water governance model ought to rely on hierarchical responsibilities that are capable of handling the different water interests of the Member States, in full synergy with the EU's objectives, solving water conflicts, ensuring complementarity between urban and rural situations, and increasing monitoring capacities.

2.8. A consultative EU stakeholder platform should be established to share best practices, develop specific standards on water quality and water usage in agriculture and industry and to promote partnerships and the circular economy, gathering stakeholders and managed jointly by the EESC, the European Commission, the European Parliament and the European Committee of the Regions.

2.9. Establishing a European Water Centre including an international dimension can aid both Member States and other nations, including those within the European neighbourhood and beyond. This centre should showcase instances of outstanding collaboration and offer policy recommendations to advance the objectives of the Blue Deal policy. The EESC calls for a dedicated Commission vice-president position in charge of the water portfolio.

2.10. It is essential to have transparent, easy to access, interoperable, publicly available and reliable data, collected from company level all the way up the product chain, in accordance with industrial property rights. To scale the Blue Deal, we need to know the state of water infrastructure and the availability of water and sanitation services in each Member State. The EESC recommends that the Commission encourage the Member States to set up such data collection systems and share data at river basin territorial level.

⁽³⁾ Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2023 edition.

⁽⁴⁾ 'Bring the Water Action Agenda to Life', Secretary-General Urges Conference, Calling for Game-Changing Commitments on World's Most Important Resource, UN Press.

⁽⁵⁾ European Council meeting (23 March 2023) — Conclusions.

⁽⁶⁾ Consequences of drought, fire, and other extreme weather phenomena: increasing EU's efforts to fight climate change — EP resolution of 15 September 2022.

2.11. Eurostat and the OECD, with the assistance of national statistical offices, should also collect aggregated data on drinking water and waste water from public utility companies on an annual basis. Since more water-related data is available at Member States' statistical offices, the EESC recommends developing a common methodology on a broader basis in order to allow for the collection of more relevant data at EU level. The EESC calls for data on water performance should to cover all water suppliers supplying at least 10 000 m³ per day or serving at least 5 000 people.

3. Access to clean and affordable water and sanitation

3.1. Water poverty is present in the EU, despite the EU's relatively favourable position in global terms. While water poverty itself primarily affects vulnerable social groups, a much higher proportion of the EU population is affected by water stress.

3.2. The EESC calls on the European Commission and the Member States to address water poverty, thereby also aligning with principle 20 of the European Pillar of Social Rights. Water, sanitation and hygiene services (WASH) should be sustainable, equitable, effective, of high quality and affordable for all in the EU. Special attention should be paid to vulnerable social groups and marginalised communities. Infrastructure development should pay specific regard to resource-poor property owners and socially deprived urban and rural neighbourhoods with prolonged infrastructure renovation and sourcing needs. The EESC proposes promoting a common approach to understanding water poverty at EU level and developing a comprehensive definition of water poverty.

3.3. The EESC calls on the Commission to establish an overview of measures applied in all Member States concerning access to water and sanitation and affordability, particularly for vulnerable consumers. On the basis of this overview, common guidelines should be developed for the Member States, ensuring that no households in a vulnerable situation have their water supply disconnected.

3.4. Actions should combine social policy instruments, housing policy measures, and specific initiatives concerning WASH services. The principle of solidarity should be taken into account in financing such measures; in addition to public funding, innovative forms of funding should be explored, e.g. establishing dedicated transparent funds incorporated into water bills. The EESC proposes that high-quality, affordable water supply and sanitation should be subject to clear regulation, guaranteeing service obligations so that no one will be left behind.

3.5. As water is a public good, the EESC calls for implementation of the principle of universal access to WASH for all EU residents, at an affordable price. The EESC highlights that there is broad consensus that public authorities can guarantee universal access to water and sewage systems at an affordable price and with adequate quality standards. The EESC also calls for drinking water to be made freely available to all EU citizens via accessible water fountains and sources in public places, in line with Directive (EU) 2020/2184 of the European Parliament and of the Council⁽⁷⁾.

4. Sustainable and resilient water infrastructure

4.1. A long-term strategy to increase resilience against water scarcity is needed, taking into account regional climate specificities and industrial characteristics. The EESC calls for consistent legislation across all Member States to establish an EU mechanism for water storage during wet periods. This could be achieved by constructing storage tanks and underground aquifer recharge systems, or by reducing soil sealing to enhance soil storage capacity and, above all, by increasing afforestation and investing in nature-based solutions such as 'sponge cities'.

4.2. All Member States should maintain a register of abstracted surface and groundwater as well as of surface water storage. The EESC welcomes the Commission's decision, in the recast of the Drinking Water Directive⁽⁸⁾, to minimise the loss of water from water pipes. The EESC calls for thorough and immediate evaluation of the underground sewer systems in

⁽⁷⁾ Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (OJ L 435, 23.12.2020, p. 1).

⁽⁸⁾ OJ L 435, 23.12.2020, p. 1.

all Member States and for the mapping of water resources and investments in each Member State in order to obtain up-to-date information on the state of existing water infrastructure and identify pressing investment needs. The Infrastructure Leakage Index should benefit from mandatory gradual reduced targets at Member State level.

4.3. Water loss due to leakages in networks and wastewater in agriculture, industry or and tourism should be significantly reduced. The EESC insists on tackling stresses the need to tackle non-revenue water by prioritising ongoing maintenance initiatives to substantially reduce water leakages and improving research into advanced technologies for leakage detection.

4.4. Efforts towards climate-neutral industries should also consider industrial emissions to water, the adverse impacts on human health, and the resulting social costs for society, the EESC calls for the development of specific standards on water quality and water usage in different economic sectors. This could be achieved by creating the consultative EU stakeholder platform. Water management, both private and public, should ensure universal access to water for the population, putting human needs first and protecting competitive access to water for the public sector, agriculture and industry. The EESC highlights that the green transition should not put pressure on water resources, and calls for customised solutions in this regard.

4.5. The EESC suggests that abstraction rights, permits, licences, contracting rights and outright ownership should be carefully monitored and better regulated to avoid them being exploited for commercial purposes, alongside restrictive rules to protect EU water resources from being used in the interest of non-EU stakeholders. Such licences and permits granted for commercial purposes should benefit from a specific regulatory framework that is transparent and sustainable and treats water as a common good. In the interests of public health and the well-being of EU citizens in specific situations such as crises or droughts, public institutions should have the right to recover water use rights from the private sector in exchange for fair compensation; in water crises, people and their basic human needs must be a priority.

4.6. The blue transition entails phasing out processes that are water-inefficient, finding concrete solutions for workers and territories with stakeholder involvement. The EESC points out that ensuring the availability of skilled labour and specialised workers, and maintaining the competitiveness of European businesses, require specific action at all levels. The Committee calls for a cross-sectoral blueprint for water and for investment in working conditions, quality jobs and training, especially targeting the younger generation. Know-how in the area of water-saving processes will be a core competence and a key performance indicator for industry in the future. There needs to be a systematic survey of the personnel requirements in the water sector, including the necessary qualifications, workforce development and occupational health and safety management. The EESC urges the Commission to start the legislative process to create a new Knowledge Innovation Community for water within the European Institute of Technology (EIT) and to step up the 'five missions' approach.

5. Sustainable use and consumption of water and fostering new opportunities

5.1. All water users in the EU, including agriculture, industry, households and public administrations, should adopt sustainable practices to reduce water consumption, and should be encouraged to equip themselves with devices that help them achieve more sustainable use and consumption of water. It is essential for agriculture and industry to bear the societal cost of their water consumption and emissions, as this will lead to more sustainable practices. Decontamination should also be a constant priority.

5.2. Europe has the opportunity to transform water-related challenges into novel prospects for technology development, societal advancement, new skills and business growth, with the ultimate goal of achieving a water-secure and resilient economy, with full and productive employment opportunities and quality jobs for all. The EU therefore needs to become the world leader in the development, manufacturing and use of water-efficient technologies and establish a global reputation as a low-water-footprint production area. Structured investment in R & D, water industry stewardship and skills will be essential.

5.3. The successful adoption of water-efficient technologies in industry and across other areas is essential to the success of a sustainable EU water policy. Water-efficient technologies constitute an industrial sector that is part of the clean technologies field, and, as such, water-efficient technologies should also be energy efficient. As clean tech constitutes an industrial eco-system in its own right, the EESC suggests the creation of a transition pathway for this ecosystem within the next two years, with ambitious but realistic targets, including a plan for stewardship and skills.

5.4. The EESC asks for a clear distinction to be made concerning the type of water consumed (groundwater, surface water, reused water, etc.) and the impact on biodiversity and environment. It calls for incentives for water reuse for all types of consumers and for a shift towards a circular water economy. Substituting the use of drinking water with non-conventional water sources should become the norm (for example, whenever possible, watering gardens, washing cars, etc. with collected rainwater).

5.5. Under the EU Environmental Economic Accounts Regulation (Regulation (EU) No 691/2011 of the European Parliament and of the Council⁽⁹⁾), the establishment of a water account is voluntary. Since only a mandatory water account would allow an EU-wide overview of water consumption across the whole economy and its sectors, the EESC recommends that the Commission make water accounting mandatory.

5.6. All CAP (common agricultural policy) schemes should impose obligations on farmers concerning the sustainable and efficient use of water and encourage sustainable and efficient water management, incorporating indicators in each Member State to monitor progress in water management. The CAP and other EU funds should contribute to the development of new irrigation structures, to avoid supporting situations that contravene the objectives of the Water Framework Directive.

5.7. Modern intervention and decision-making mechanisms can be operated only on the basis of continuous measurement and data collection of water flows and water uses, using automatic sensors. The current architecture of this system in the EU is incomplete. The EESC advocates using the Internet of Things, generative artificial intelligence, machine learning and smart infrastructure networks to consolidate a water-smart society. The EESC recommends that the Member States step up efforts to set up such systems and share data at river basin level. It is important to develop an early warning mechanism based on smart technology concerning water usage, paying particular attention to cybersecurity.

5.8. As part of its Blue Deal, the EU urgently needs to develop a comprehensive sustainable water management policy for industry based on reducing, reusing and recycling water and decreasing water pollution, including a focus on water-intensive industries and the incremental introduction and use of water-efficient technologies. Taking into account the energy-water-critical raw materials nexus, water must be established as a foundational element of the EU's industrial strategy. A long-term strategy is needed to deal with water scarcity and facilitate the access of industries to water. This requires a revision of the EU's industrial strategy and its transition pathway documents within the next two years. This sectoral approach should incorporate the water efficiency characteristics and water challenges specific to each sector.

5.9. The EESC calls for specific campaigns and actions to promote an understanding of the value of water among all EU residents, especially the younger generation. The introduction of a water consumption label, in addition to the existing EU energy label, should be considered. EU organised civil society has a vital role in raising awareness among different consumer categories on the importance of increasing the effectiveness and efficiency of their consumption, as well as on short-term emergency measures in response to crisis situations caused by climate change. It is important to ensure that EU residents can fully exercise democratic control in this matter.

6. Financing the EU Blue Deal

6.1. The EESC calls for the establishment of a new umbrella fund, named the Blue Transition Fund, to form a single EU access point for water investments, covering the transition towards sustainable water infrastructure and management, uptake of water-efficient technologies, jobs and skills, and reducing inequalities concerning access to high-quality and affordable water and sanitation. The fund should finance the implementation of the EU Blue Deal, be operational within a

⁽⁹⁾ Regulation (EU) No 691/2011 of the European Parliament and of the Council of 6 July 2011 on European environmental economic accounts (OJ L 192, 22.7.2011, p. 1).

maximum of four years after the adoption of this opinion, and incorporate a river basin approach, using financial resources already in place such as the European Structural and Investment Fund (ESIF), the Recovery and Resilience Facility (RRF), InvestEU and other new additional innovative financial resources ⁽¹⁰⁾.

6.2. The EESC calls for the development of sustainable financing instruments such as green bonds, social bonds and green loans, accompanied by consistent definitions of sustainability across various jurisdictions and a greater level of standardisation. It also recommends regulating and introducing blue bonds for water investments at EU level. Traditional loans, seasonal credits, grants, venture capital, private and public equity, crowdfunding, and pension and investment funds should be part of water investments. The EESC considers it crucial to incorporate environmental, social and governance factors, resilience into water-related investment evaluation criteria, and to promote nature-based investment.

6.3. Water conditionalities for sustainable use of water should be a criterion in all the EU funds distributed to the Member States, including CAP funds. Billing irrigation water on the basis of the area irrigated should be gradually abandoned, and the focus should be on a shift to water-efficient irrigation practices and technologies that require less water.

6.4. The EESC calls for the establishment of a system of taxes and surcharges for unsustainable water use, while incentivising sustainable use of water. Taking into account the public nature of water, the EESC proposes a new international deal concerning the water taxation system.

6.5. EU water investments need a long-term approach to increase resilience against water stress. The EESC suggests that they should be given special treatment within the Stability and Growth Pact and recommends introducing a clear definition of the 'golden rule' for investments in public water infrastructure. A common approach among Member States is needed to ensure sufficient transparency in the usage of the golden rule, while safeguarding macro-stability, productivity, and the social and ecological foundations for the well-being of both current and future generations.

6.6. Water should be recognised as a strategic priority in the 2028–2034 programming period. Additional legal flexibility is needed, especially in procurement law, to facilitate investment in urban and rural water infrastructure, along with adapting state aid rules to the multilateral usage of water.

6.7. The EESC considers it crucial to prioritise, and direct financial resources towards, projects that reduce water consumption and generate water reuse in all Member States. The Committee calls for specific funds and new resources dedicated to research and innovation in water technologies in order to facilitate capacity building in water infrastructure, and to respect the 3 % of GDP rule for investments in research.

6.8. Water is not a commodity that can be traded, and new adapted single market rules dedicated to water should be developed. Furthermore, prices, costs and taxes should be fair, synergise with current and future societal, climate and industrial challenges, be transparent concerning their structure, take long-term water security into account, incorporate the 'polluter pays' principle, and safeguard universal access and affordability for vulnerable groups.

6.9. The Committee calls for a common approach at EU level on a fair water price design, taking into consideration the interconnections between the various roles of water and the mutual dependencies of the different stakeholders, and ensuring that the costs (plus tax) and price of water are fully transparent to all stakeholders. The EESC calls for an EU methodology to rationalise and standardise water pricing systems and the possibility of applying administered prices in certain well-defined situations.

6.10. The structure of the tariffs should incorporate at least three blocks: the first should be a human rights block that should be free and adjusted to what is considered the amount necessary to secure life; the second consumption block could have a cost recovery tariff; and the third higher consumption block should have much higher prices, generating a cross-subsidy from unnecessary uses. Water prices for economic activities should be based on a cost-recovery tariff.

6.11. It is of the utmost importance to ensure alignment between EU water policy and other EU policies, coupled with robust regulation of the public and private sector to ensure equitable water access for all, while avoiding water market liberalisation and monopolisation.

⁽¹⁰⁾ The Commission estimates the total cost of the recast of the Urban Waste Water Treatment Directive at over EUR 3,8 billion of additional money per year.

6.12. The EESC asks for a clear distinction to be made between indicators used in defining and evaluating policies, indicators for communication purposes with stakeholders and consumers, and investment indicators. A common set of indicators and KPIs (key performance indicators) should be used by the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development, and a chapter should be added to the EU Strategic Foresight Report and to the European Semester without delay. The EESC takes the view that indicators currently in use, such as the Water Exploitation Index Plus, should be carefully monitored and the EU should set concrete lower accepted limits at country and basin level.

7. Blue Diplomacy

7.1. Water is a source of life, an instrument of peace, a source of civilisation, a source of wealth, and part of our heritage; it is essential for the economy and a common good at the same time, and therefore must be respected and protected as part of our efforts to care for future generations. Due to growing water scarcity, water is increasingly understood as a strategic security asset; it is sometimes used as a weapon, and can be a target and often a catalyst in civil and military conflicts. Determined blue diplomacy action must be mainstreamed in EU foreign policy and external relations, including neighbourhood, trade, and development policies. The EESC urges the EU to demonstrate its commitment to advancing water-related SDGs by appointing a dedicated water envoy, in line with the outcomes of the UN water conference.

7.2. The EU should intensify its endeavours in dynamic and political blue diplomacy, working in synergy with health diplomacy, and mainstreaming these efforts into its foreign policy and external relations through the establishment of global water partnerships. The EU should support easy and uninterrupted access to affordable water, facilitate sustainable water and wastewater management, and preserve and protect wetlands and biodiversity as an essential part of blue diplomacy. Given its comprehensive approach, the EESC calls for Blue Deal principles to become a clear pillar of EU external policy, systematically including this dimension in its bilateral and multilateral contacts, including when negotiating trade agreements.

7.3. According to forecasts, droughts may affect over three quarters of the world's population by 2050. Various UN reports estimate that, by 2050, a combination of water and climate-related problems and conflicts will force approximately a billion people to migrate. In the global south in particular, access to water is heavily restricted. This will further encourage displacement and migration towards the global north. The EESC therefore calls for the root causes (including water scarcity) to be tackled, rather than taking action against the refugees themselves.

7.4. Upgrading the UN treaty framework on water-related issues, promoting and supporting global cooperation, preparing for long-term changes and emergency situations, and having accessible and affordable WASH should be systematically integrated into the EU global agenda.

Brussels, 26 October 2023.

The President
of the European Economic and Social Committee
Oliver RÖPKE