



Urban wastewater treatment – Who pays the bill for cleaning up micropollutants?

If Goliath can't pay, should David shoulder the costs?

- ~ Access to clean water and sanitation are human rights, and water services are essential for public health and the functioning of the European economy, including the pharmaceutical industry.
- ~ The EU's recast Urban Wastewater Treatment Directive (UWWTD) aims to reduce water pollution and implements the polluter pays principle through an extended producer responsibility (EPR) scheme.
- ~ The directive considers that pharmaceuticals and cosmetics are major sources of micropollutants in urban wastewater and requires them to fund at least 80% of the cost for micropollutants removal.
- ~ Critics argue EPR could raise medicine prices or reduce availability, but EPR ensures that anyone bringing such products to the EU market will have to pay the same, whether they produce inside or outside the EU.
- ~ Projected costs of removing micropollutants have indeed risen over the past years due to inflation, energy price spikes, and increased micropollutant concentrations in the environment.
- ~ However, the recast UWWTD incentivises greener product development and reduced EPR costs, as micropollutant removal may not have to be installed in smaller treatment plants, if the assessment shows there is no risk.
- ~ Furthermore, the pharmaceutical and cosmetics sectors are huge compared to wastewater operators who are usually small or medium-sized municipal entities. Shifting costs to water utilities would burden private consumers and small businesses, undermining social fairness and competitiveness.

1. Ensuring our right to water and sanitation

Access to safe and affordable water and sanitation services are human rights. Well-functioning and resilient water services are the foundations for a competitive European economy. This is why the European Union sees water operators as critical entities¹ and essential to maintaining vital societal functions².

¹ Directive 2022/2557 on the resilience of critical entities.

² Preparedness Union strategy.



Water services are first and foremost health and environmental services. Thanks to their work, water-borne diseases such as cholera, typhoid fever and dysentery are practically eradicated in Europe. The situation is very different in other parts of the world. According to the World Health Organisation (WHO) and UNICEF (2023 data), worldwide, 1.4 million deaths annually are attributed to unsafe water, sanitation, and hygiene.

It therefore is logical that societal stakeholders should be committed to facilitating the provision of water services. As the debate around the recast Urban Wastewater Treatment Directive (UWWTD) shows, the truth is unfortunately different.

2. Polluters must contribute to cleaner waters

The recast UWWTD responds to the will of the European co-legislators, the European Parliament and Member States, to further reduce the pollution of our water bodies while implementing the polluter-pays principle as enshrined in the EU Treaty (article 191.2) and called for by the European Court of Auditors. Substances emitted by two product groups, pharmaceuticals and cosmetics, were identified as the main contributors to the overall micropollutant load in urban wastewater³. Their producers will therefore have to cover a minimum of 80% of the costs for the extra treatment steps that urban wastewater treatment plants (UWWTP) have to put in place to meet the new requirements of the recast UWWTD. The co-legislators give Member States the right to add more sectors to the list (recital 3 of the Directive).

This solution not only complies with the EU's fundamental rules but also with the need to keep our water services affordable for everyone and to stimulate innovation in the water sector. However, we witness massive pressure on policy makers to roll back this Extended Producer Responsibility (EPR) scheme.

3. Involving foreign producers in the financing and stimulating innovation

It is argued that EPR would trigger higher medicine prices or reduced availability, particularly affecting generic products, and the access of patients in smaller markets to medicines. Moreover, the global competitiveness of the pharmaceutical sector would suffer. The reference to competitiveness is misleading as the co-legislators agreed that all medicines put on the EU market will have to pay their share, whether they are made in one of the Member States, or outside the EU, e.g. in China or the United States. This means, EPR ensures that micropollutant removal is not only paid by EU households and small local businesses, but also by manufacturers from outside the EU.

³ [Impact Assessment accompanying Commission proposal for recast UWWTD.](#)



4. Holistic view on the financing of micropollutants removal

Undeniably, micropollutant removal costs money. And it is true that current cost estimates are probably higher than those used by the European Commission three years ago. Unexpectedly high inflation in 2022 and 2023 led to increased staff costs, and the Russian war triggered a rise in energy and treatment chemicals prices. Finally yet importantly, the overall micropollutants load has increased.

We believe the public debate should take a more holistic view on this topic. The recast UWWTD provisions do not prevent the producers concerned from distributing the EPR costs in a way that strikes a balance between price impacts for patients and consumers on the one hand, and profit rates on the other, as long as the quantity of a substance put on the EU market and its hazardousness are taken into account.

Furthermore, the co-legislators included a powerful incentive in the recast UWWTD to develop more environmentally friendly cosmetics and pharmaceuticals with similar effectiveness over the next years and decades. In the long run, thousands of smaller UWWTP will not need to be equipped with micropollutants removal systems, if an assessment shows that there is no risk from micropollutants for the aquatic environment and public health. This flexible approach enables the producers concerned to reduce their contributions to the EPR system. These clauses clearly show that the requirements are proportionate and measured.

In any event, the public debate should make it clear that the EPR costs will spread over many years. Mentioning a total amount today might mislead the discussion.

There is one more aspect to consider, if we look at increased implementation costs and proportionality. We need to consider the recent growth rates and the growth prospects of the two sectors.

According to EFPIA data, the gross value added of the pharmaceutical industry amounted to €311 billion to the EU-27 (2022)⁴. The European market is projected to continue its strong growth trajectory for years to come.

The European cosmetics market, offering lifestyle products to consumers, has also enjoyed strong growth over the past years (9% in 2023) and was worth EUR €96 billion at Retail Sales Price (RSP) in 2023⁵. High annual growth rates are expected to continue until 2030⁶.

While we should be careful not to simply add up these figures, they provide a useful indication of the sheer size of these two sectors. If they cannot pay for the removal of the micropollutants they release into wastewater without dramatic societal consequences, who can? Should the cost fall upon EU wastewater operators whose net turnover amounted to €25.2 billion in 2022⁷? Most operators are small or medium-sized municipal entities.

⁴ EFPIA.

⁵ www.ctpa.org.uk/eu-and-worldwide.

⁶ Grand View Research.com.

⁷ Eurostat.



The public authorities owning the infrastructures are committed to maintaining access to water and sanitation services including for low-income families. However, shifting the burden of micropollutant removal to wastewater operators means in practice, passing it down to water consumers.

These water consumers also include millions of small water-dependent undertakings, including food companies and farmers. They will find it difficult to understand why they have to pay for quaternary treatment through higher tariffs instead of those companies who produce and release micropollutants. Hence, not making the polluters pay, would negatively affect the competitiveness of other sectors, and notably of SMEs. Would this solution be fair and in line with the values of the European Union?

Finally, putting the burden of micropollutants removal on the shoulders of wastewater operators will substantially reduce their financial capacity to invest in new technologies, water efficiency, digital transformation, climate change adaptation and security.

5. The way forward

The European wastewater sector is strongly committed to applying the demanding requirements of the recast UWWTD and to enhancing the protection of public health and the environment. We expect all societal actors to do the same. Let's implement the directive and assess its real impact on medicines prices as stated in the agreed text. If corrections are necessary, they should be agreed quickly and the inclusion of additional sectors should be considered. This procedure is already foreseen in the Directive and will take place at a time when only a fraction of UWWTP need to be equipped with micropollutant removal and EPR costs are still low.

About EurEau

EurEau represents 38 national drinking and wastewater associations from 33 countries across Europe, from both the public and the private sectors.

We bring water professionals together to share information and work with stakeholders regarding the management of water quality, resource efficiency and access to water for Europe's citizens and businesses.



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