

Irrigation Water Pricing in Southern Europe and Cyprus: The effects of the EU Common Agricultural Policy and the Water Framework Directive

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Abstract

The agricultural policy adopted by the European Union until recently has contributed to economically inefficient, environmentally unsustainable and socially inequitable management of irrigation water in Southern Europe. The Union's willingness to tackle these issues in an integrated manner is evident in the reformed Common Agricultural Policy and the Water Framework Directive. This paper aims to critically assess the potential impact and effectiveness of these new policies on irrigation water in Southern European countries. In this context, issues of economic efficiency, environmental sustainability and social equity as well as practical limitations are addressed. The paper concludes that, although water pricing is potentially a very effective tool in terms of economic efficiency, its environmental effectiveness is not guaranteed thus it may not drastically improve water resource management in Southern Europe. The same holds for Cyprus, where water pricing may only be effective if private groundwater extraction is fully monitored and charged by governmental authorities. Moreover, Cyprus needs to shift to a low water consuming agricultural sector by focusing on the cultivation of crops that are consistent with the changing climatic conditions and the increasing water scarcity of the country.

Keywords: economic valuation, full cost recovery, water resource management.