



- Applied to the use or consumption of waterborne resources, e.g. fish, energy of water
- Many interesting cases (e.g. case of salmon fisheries and exclusive fishing rights in Scotland)
- Trading may work, as long as there are no significant externalities (impacts on, or from, other water uses or functions)

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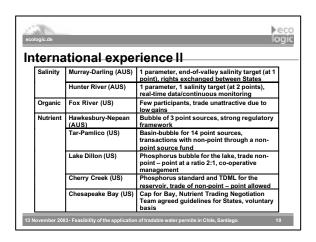


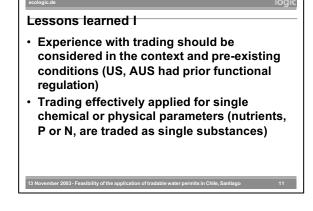
## Tradable permits for water pollution

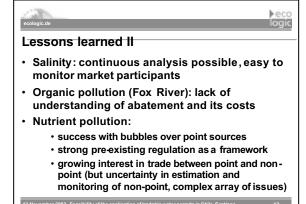
- Much higher degree of complexity than trading water abstraction rights
  - large number of pollutants with potential synergetic effects
  - precise location of discharges determines the environmental consequences
- Some practical experience in US, Australia
- EU provides "in theory" for trading in P and N emissions (Urban Waste Water Treatment Dir.); no use of this provision made so far

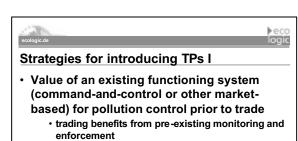
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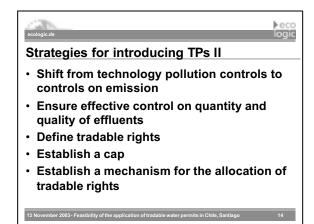


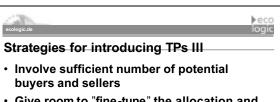




Value of a pilot phase to explore and test all scheme elements

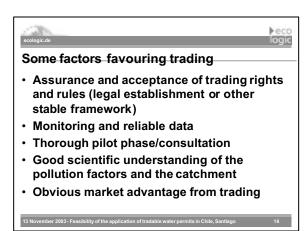
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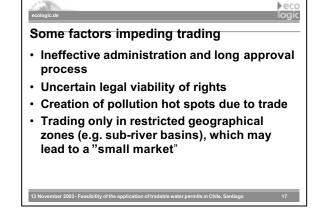


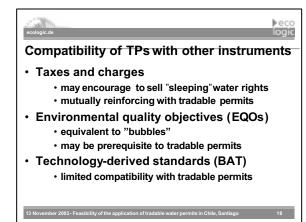


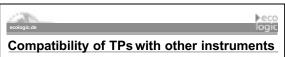
- Give room to "fine-tune" the allocation and trading rules / periodic evaluation to be able to respond to new challenges
- But avoid too frequent revision of rules that jeopardise investments made
- Clarify "ground rules" between trading and regulatory limits

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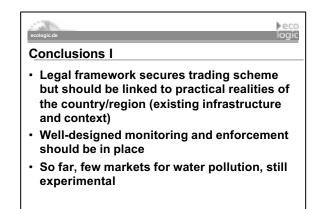






- · Principles of environmental policy
  - TPs compatible with polluter-pays, resource-userpays, prevention principle
  - weak compatibility with pollution-reduction-at source
- · Overall compatibility in instrument mixes
  - TPs compatible with most existing instruments and can be part of an instrument mix
  - but TPs are more demanding in terms of enforcement and monitoring than other instruments

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Conclusions II

• Functioning schemes built on traditional environmental management systems and strong (pre-existing) regulatory regimes

• Examples from the US and Australia

• advanced economies with pre-existing regulation for pollution control, monitoring, enforcement

- federal countries providing flexibility for innovative instruments in individual States
- Pilot phase in certain regions prior to nation-wide application is advisable

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