

## [ESMA publishes results of the second EU-wide CCP stress test](#)

The CCP stress test assesses the resilience and safety of the EU CCP industry and helps to identify possible vulnerabilities. The [results](#) of the second EU-wide stress test show that overall the system of EU CCPs is resilient to multiple clearing member (CM) defaults and extreme market shocks. In addition, the report also highlights individual CCP-specific results.

The stress test builds on the first CCP stress test conducted in 2016, which focused on counterparty credit risk only, with the second exercise including liquidity risks – examining whether CCPs would meet their liquidity needs under different stress scenarios. ESMA tested the resilience of 16 European CCPs with approximately 900 CMs EU-wide. The aggregate amount of collateral held by CCPs on the test date in the form of margin requirements and default fund contributions was approximately €270bn.

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# Opening remarks of First Vice-President Timmermans and Commissioner Vella at the Press Conference on the Revision of the EU Drinking Water Directive

## **Remarks of First Vice-President Frans Timmermans**

Good afternoon to all of you.

I'm really pleased to be here with Commissioner Vella in a week which has seen him shining a light on the work the Commission does in issues that are extremely important to our citizens: health and safety.

After we tackled the issue of plastics together, Karmenu and I, two weeks ago, he has focused on air quality this week, and it is now time for us to talk about water quality.

This Commission is strong on sustainability, and as we adapt to the challenges of the new world, we must listen to the wishes of our citizens and match them with policies which are fit for purpose.

That is why today we propose to revise the EU Drinking Water Directive.

And we do so because this is a topic which is close to Europeans' hearts. Water was the subject of the first ever successful European Citizens' Initiative, with over 1.6 million people supporting the Right2Water Initiative before it was submitted to the Commission.

We then launched an EU-wide public consultation and a comprehensive evaluation of the Directive under our "REFIT" programme for Better Regulation.

On the basis of the popular support and of this thorough analysis, we decided to revise the Directive.

So what you have today is a proposal that is the successful and positive culmination of a European Citizens' Initiative and an example of what our Better Regulation approach can deliver.

And it is also part of our implementation of the European Pillar of Social Rights, which clearly states that everyone has the right to access essential services of good quality, including water.

The EU has committed itself to deliver access to clean water and sanitation under the Sustainable Development Goals (Goal Number 6).

This importance of access to drinking water should not be under-estimated. It is estimated that 23 million people in the EU are not connected to Public Water Supply systems, for a variety of reasons.

My final reason for doing this is that it helps us to concretely deliver on the Plastics Strategy which we announced two weeks ago.

By increasing the confidence of citizens in the safety of their tap water we can also significantly contribute to the reduction of the use of plastic bottles.

It is estimated that better water quality could reduce bottled water consumption by 17%, thus reducing the amount of single use plastics that we produce and then throw away.

One example of how the Directive proposes to achieve this is through encouraging restaurants, canteens and catering services to provide free tap water to their customers.

I think this is a good proposal for our environment, I think it's a good proposal for our citizens' health and for their pockets as well.

I would like to commend the organisers of the European Citizens' Initiative for putting this issue on the table and continuing to fight for their goals and work with us in recent years. And we will continue working with them in the future.

Today's proposal shows that citizens *can* make themselves heard, be part of the debate, and help shape policies in the EU.

And once the Council and Parliament adopt our European Citizens' Initiative reform proposals, it will become even easier for citizens to use this important instrument for European democracy.

I hope that in the future even more Citizens' Initiatives will come about and have the kind of success that Right2Water has had.

And now it's high time for me to hand over to Karmenu Vella, who will explain further what we're actually proposing.

#### **Remarks of Commissioner Karmenu Vella**

Dear ladies and gentlemen,

Protecting citizens is the priority of Jean-Claude Juncker's European Commission.

After Tuesday's meeting with Environment Ministers from 9 EU Member States on Air Quality we are presenting today a proposal to make drinking water safe for the 21<sup>st</sup> century.

Safe drinking water is essential for people's health. Most people living in the EU enjoy drinking water that is of the highest standard in the world.

That's the result of over 30 years of successful EU drinking water policies and rules. A perfect illustration of a Europe that protects. Something to be proud of.

But new substances are emerging and they present a potential threat to water quality and safety. Pathogenic bacteria or new contaminants from industry.

To preserve the quality of drinking water in the long run and to protect consumers from these potential risks we are modernising the Drinking Water Directive and bringing it up to the latest standard.

After a very thorough analysis we are proposing to add 18 new and emerging substances to the list of criteria for determining water safety. Legionella, BPA, chlorate, to name just a few. We have worked very closely with the World Health Organisation in updating this list of parameters and quality standards.

We are also proposing a new system of assessing risks to water safety adding another layer of protection and better targeting of safety checks where needed.

We are also applying this approach to microplastics. There is no conclusive evidence that they pose a threat to water supply, but we want to be on the safe side. If it is established through monitoring that microplastics pose a threat, water suppliers will have to act and make sure they don't pollute tap water.

The trust and confidence of European citizens are absolutely vital to us. As water is so essential to our health and well-being, people need to have full confidence that the water they use for preparing food for their loved ones, and that they use for their tea and coffee, is safe.

This aspect is another key element of our proposal. Consumers will be able to easily access information online on the quality and safety of their tap water. They will have information at their fingertips on the health impact of nutrients, or advice on how to reduce consumption. Not to mention clear and simple water bills.

With this we are responding to a demand that was expressed very strongly in our public consultation. More transparency empowers consumers and will improve their confidence in tap water. A litre of tap water costs 0.2 cent. Compare this to the price for a litre of bottled water. If people rely more on tap water, households can potentially save more than EUR 600 million a year.

The new measures also boost our drive for more resource efficiency, and can help cut plastic waste from bottled water. Plastic bottles are among the most common single use plastic items found on European beaches. The Plastics Strategy that we put forward two weeks ago shows we are serious about tackling waste from single-use plastic items. The revision of the Drinking Water Directive is the first legislative step in putting this Strategy into action.

To conclude:

The proposal we adopted today is ambitious. It is good for people's health, and it is good news for the planet.

It ensures that tap water is perfectly safe and healthy everywhere in Europe.

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## [Safer drinking water for all Europeans: Questions and Answers](#)

### **Why is the Commission revising the Drinking Water Directive?**

The European Commission wants to continue to ensure the provision of high-quality drinking water in light of the latest scientific advice, and to help consumers access this water and find reliable information about its supply. Safe drinking water is essential for public health and well-being, and water contamination or shortages can have serious social and economic costs.

The proposal is also a response to the successful European Citizens' Initiative, '[Right2Water](#)', which received the support of 1.6 million Europeans.

### **What is the Commission proposing and why?**

There are four main new elements:

- 1) **Improved standards for the safety of water.** The list of standards will be updated and extended in line with the latest scientific knowledge and based on recommendations by the World Health Organisation. This will guarantee that tap water is safe for drinking throughout the EU.
- 2) **A reduced risk for Member States and citizens.** By applying a risk-based water safety assessment in the entire EU, authorities will be able to identify possible risks to water sources already at distribution level. It adds an additional layer of protection and at the same time better protects supply sources in the long term.
- 3) **Obligation to improve access to water.** People without or with limited access to water will benefit. Overall consumption of tap water – a cheap, safe and environmentally-friendly option – should increase. This will help consumers save money, and it is good for the environment, helping to reduce plastic waste entering our rivers and seas and lowering greenhouse gas emissions.
- 4) **Increased transparency,** including on water services. Thanks to new transparency rules consumers will get information online, in a user-friendly way, about the availability of water services in their local area. Empowered

consumers are better placed to request good quality services at a fair price.

In parallel, the Commission accelerated work on standardisation to ensure that construction products in the water sector across the EU's internal market, such as pipes and tanks, do not pollute drinking water.

### **What are the new standards to indicate the safety of water?**

The Commission has worked with the World Health Organisation (WHO) to revise the list of standards (parameters) that define safe drinking water. The new list includes 18 new or revised parameters to better protect against:

- pathogenic bacteria and viruses;
- naturally occurring but harmful substances like uranium or microcystins;
- emerging contaminants from industry like perfluorinated compounds;
- disinfection by-products or distribution impurities like chlorate, haloacetic acids, or bisphenol A.

### **How will consumers benefit from this proposal?**

The revised rules will improve access to water and water quality as well as further reduce risks to health, by improving water treatment and quality monitoring. According to [estimates](#) the new measures would reduce potential health risks associated with drinking water from about 4% to below 1%. More transparency on water supply can compel providers to improve resource-efficiency. Consumers will have online access to information on precious nutrients present in their tap water, such as calcium or magnesium.

Higher confidence in tap water can reduce bottled water consumption. Overall, estimates show that lower consumption of bottled water can help households in Europe save more than €600 million per year.

### **What was the European Citizens' Initiative 'Right2Water' about?**

The EU Treaty allows at least 1 million citizens to invite the European Commission to submit a legislative proposal. In December 2013, the initiative entitled 'Water and sanitation are a human right! Water is a public good, not a commodity!' ('[Right2Water](#)') was submitted to the Commission. It gathered more than 1.6 million signatures of support from citizens and was therefore the first European Citizens' Initiative to successfully collect the required threshold. The initiative called in particular for "legislation implementing the human right to water and sanitation as recognised by the United Nations and promoting the provision of water and sanitation as essential public services for all". The organisers were received by the European Commission and a hearing took place at the European Parliament on 17 February 2014. On 19 March 2014 the Commission published its [positive response](#) in a Communication and has since implemented a series of [follow-up actions](#).

The proposal to revise the Drinking Water Directive, which was preceded by an evaluation of existing legislation and a public consultation, is the latest of these actions. It contains an obligation for Member States to improve access to safe drinking water for all and to ensure access to water especially for vulnerable and marginalised groups. Other follow-up actions

have focused on improving transparency and benchmarking of water quality and services, as well as contributions to access water and sanitation in the context of development cooperation and sustainable development.

### **Does the proposal guarantee access to water for all?**

The right to water and sanitation was at the centre of the European Citizens' Initiative Right2Water. One of the ways that the Commission is putting this into action is through the new [European Pillar of Social Rights](#) unanimously agreed by Heads of State or Government at the Gothenburg Summit, which includes the principle that *"everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. Support for access to such services shall be available for those in need."* The proposal to revise the Drinking Water Directive reflects this principle with a new provision that requires Member States to improve access to water for all and ensure access to those belonging to vulnerable and marginalised groups.

### **What will the changes mean for Member States?**

Simpler reporting obligations will lower the administrative burden for authorities. Member States will need to develop specific national risk assessment plans and/or guidance, together with training for affected stakeholders. This new concept will require better cooperation between water suppliers and the authorities responsible for environmental protection of rivers, lakes, and nature. The risk-based approach will prevent possible contamination that could endanger drinking water and its sources.

### **What will the changes mean for water suppliers?**

Thanks to the new risk-based approach, water suppliers will be able to better target their monitoring activities and treatment measures once they have demonstrated that the water source is not contaminated by certain substances. This will lower their costs by reducing unnecessary treatment and monitoring for non-present substances. Increased transparency is also a positive thing for water suppliers in their relations with their customers.

### **What will the changes mean for manufacturers of products that come into contact with drinking water (like pipes and taps)?**

The proposal does not regulate individual products. It sets the rules on permitted amounts of certain substances in water, and thus gives very clear guidance for the production of hygienically safe pipes and taps.

For example, it includes new microbiological parameters to avoid biofilms and microbiological growth within the distribution system, strengthens the requirements for lead and chromium to prevent undesired migration from metals into tap water, and imposes strict limits for Acrylamide, Bisphenol A, Epichlorohydrin, Nonylphenol, PFAS, or Vinyl chloride, which will ensure safe plastic components.

In addition, technical standards that are being developed under the [Construction Products Regulation](#) will significantly reduce the need for

multiple testing procedures by developing EU-wide standards. This should bring down the cost for approval procedures and improve market access for companies across the EU.

### **How are microplastics addressed in the Directive?**

In line with the precautionary principle, the proposal addresses microplastics, which are an issue of emerging concern. Microplastics which are considered relevant based on a hazard assessment will be regularly monitored in water bodies used for the abstraction of drinking water, so that mitigation measures can be taken where necessary. Water suppliers can carry out additional monitoring and treatment to ensure that drinking water is free from microplastics.

The issue of microplastics is also addressed in the new [EU strategy for plastics in the Circular Economy](#). The Commission has started work through [REACH](#) to restrict the use of microplastics that are intentionally added in products.

### **How much will these changes cost?**

A thorough impact assessment accompanies the Commission's proposal. It concludes that the significant positive health benefits of safer drinking water will clearly offset the moderate costs. Better access to and quality of drinking water, as well as increased transparency requirements obviously entail additional but moderate costs. However, these will be offset by the positive health benefits for citizens and the possibility for Member States to subsidise a service of public interest, as well as the money saved through lower consumption of bottled water.

The current annual cost of the drinking water sector, eventually paid by consumers in their water bills, is around €46.3 billion. Without the proposed legislation, it is expected to rise very moderately to €47.9 billion in the coming decades. The changes foreseen in the current proposal would generate a moderate annual increase between €1.6 billion to €2.2 billion per year.

Household spending on water services is expected to increase on average across the EU only slightly, from the current 0.73% to 0.75-0.76%. Since Member States have a margin of discretion (e.g. for subsidising), actual costs would most likely be even smaller. Finally, lower consumption of bottled water can help households in Europe save more than €600 million per year.

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**[Press Release: EU Auditors examine](#)**



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