

# REACTION TO THE EUROPEAN WATER

# RESILIENCE STRATEGY

## INTRODUCTION

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In June 2025, the European Commission published the European Water Resilience Strategy (WRS). BusinessEurope welcomes the European Commission's efforts to advance a more resilient and future-proof approach to water management and supports the overall ambition of the strategy. Water is undeniably essential for both environmental sustainability and industrial competitiveness, and the growing pressures from climate change demand coherent and forward-looking policy responses. In this regard, the WRS rightfully places emphasis on innovation, competitiveness, and the recognition of water as a critical industrial resource.

At the same time, it is essential that the EU's water policy framework evolves in a manner that is responsive to operational realities, respects the principle of subsidiarity, and provides greater regulatory clarity. In light of the uncertainty that industry is facing, it must ensure that legislation does not impose extensive bureaucratic obligations and introduce disproportionate costs. While the WRS marks progress in several areas, there remain aspects that require more balanced, coordinated, and industry-informed approaches.

BusinessEurope remains committed to working with European policymakers to ensure that EU water policy reinforces both environmental stewardship and Europe's long-term economic resilience. Comparing the WRS with BusinessEurope key recommendations published last May ([here](#)), this paper outlines where the WRS gets it right, where further improvements are needed and where certain elements are missing.



## A SNAPSHOT OF BUSINESSEUROPE KEY RECOMMENDATIONS VS. THE WRS

The following table provides a brief overview of where the strategy's proposals are consistent with our proposals (+) and where they are not consistent, either because it only partially aligns with our proposals (0) or because the strategy does not address issues we have raised (-). Sections 3 and 4 below develop our assessment of the strategy in more detail.

<b>BUSINESSEUROPE KEY RECOMMENDATIONS (<a href="#">HERE</a>)</b>	<b>CHECK</b>
Recognize water as a fundamental and decisive factor for European competitiveness, sustainability and resilience.	+
Increase public awareness and engagement by developing EU guidelines on secure access and sustainable water use, across all sectors.	+
Ensure that water management aligns with local needs and conditions by fostering cooperation between regional/local authorities, water management operators and businesses.	+
Facilitate and encourage cross-border coordination, knowledge sharing, and innovation partnerships to address common water management challenges beyond national boundaries.	+
Facilitate technology mapping by identifying needs for the development and deployment of water-saving technologies.	+
Support investment at EU and national level to modernize water infrastructure and promote market-driven approaches.	0
Develop global partnerships to foster trade, technology exchange, and capacity building, strengthening the EU's role in international water management.	0
Conduct detailed regulatory mapping to identify overlaps and propose simplifications.	0
Avoid binding EU-level water efficiency targets which might not be suitable across regions.	0
Ensure a continuous supply of high-quality water sources for the successful implementation of key EU initiatives.	-
Provide flexibility in the implementation of the 'one-out-all-out' principle.	-
Adopt a more proportionate approach for implementing the 'non-deterioration' principle.	-
Postpone the 2027 deadline of the Water Framework Directive.	-



## WHERE THE WRS GETS IT RIGHT

The WRS makes a valuable contribution by explicitly recognising water as a strategic economic and industrial asset. Its relevance to key sectors – such as energy, semiconductors, and advanced manufacturing – is well acknowledged, with specific references to major initiatives like the Net-Zero Industry Act, the Critical Raw Materials Act, and the Chips Act. This integrated approach rightly positions water policy as a cornerstone of the EU’s competitiveness and strategic autonomy agenda.

### SMARTER REGULATION AND LOCAL EMPOWERMENT

BusinessEurope welcomes the WRS’s decision to refrain from proposing new EU legislations. Rather than expanding the regulatory burden, the Commission’s focus on improving the implementation of existing instruments through structured dialogue, guidance, and capacity-building reflects a balanced and cooperative way forward. This implementation-first approach is essential to closing the current performance gap while avoiding unnecessary administrative complexity.

The WRS rightly acknowledges the need for flexibility in water governance. Effective water management depends on local climatic, geographic, and economic conditions. Regional and municipal authorities, working alongside industry and local operators, are best placed to implement proportionate, effective, and responsive solutions on the basis of these conditions. BusinessEurope strongly supports this emphasis on subsidiarity and local empowerment.

### DRIVING INNOVATION AND GLOBAL INFLUENCE

The WRS reinforces the EU’s ambition to be a global leader in water-related technologies. European businesses are already at the forefront, accounting for a substantial share of global patents in this field. The emphasis on international partnerships and innovation deployment is positive, though we would welcome more clarity on global trade, technology exchange, and capacity-building actions.

While innovation is a core element of the WRS, BusinessEurope encourages the Commission to complement these efforts with clearer mechanisms for identifying sector-specific technology gaps and directing targeted R&I investment. Mobilising both public and private financing will be critical to addressing Europe’s current water infrastructure and innovation investment shortfall.

To maximise the impact of water-related research and innovation, associated countries should be actively involved in EU R&I programmes, including the forthcoming Water Resilience R&I Strategy expected in 2026. This would help strengthen cross-border scientific collaboration, increase innovation output, and generate greater value across the Single Market.

### SMART INFRASTRUCTURE AND DIGITALISATION

The WRS appropriately addresses operational issues such as water leakage reduction, infrastructure renewal (e.g., pipes and wastewater treatment), and the deployment of digital water technologies. These actions align with long-standing industry priorities.

BusinessEurope welcomes the Commission’s commitment to digitalisation in the water sector. ICT innovation and real-time data use are essential to bring utilities into the 21st century, and efforts to modernise water systems through digital tools should be integrated into permitting processes to support faster, data-informed decisions and reduce administrative burdens.

With more than six trillion litres of water lost annually due to distribution system failures across

the EU, prioritising data-driven infrastructure upgrades is essential for long-term resilience and efficiency.

Further emphasis should be placed on promoting nature-based solutions including urban infrastructure, such as sponge cities and multifunctional green spaces, which can mitigate both drought and flood risks while enhancing urban resilience. Funding programmes should also enable cross-sectoral investment approaches that deliver co-benefits for sectors like energy, agriculture, and digital infrastructure.

## **THE HUMAN CAPITAL OF WATER RESILIENCE**

BusinessEurope supports the establishment of the European Water Academy and encourages the Commission to work closely with the business community to ensure it addresses actual capacity needs across Europe's water sector. This includes developing targeted upskilling programmes, fostering public-private cooperation, and aligning training with evolving industrial demands.

To be effective, the Water Academy must also ensure strong outreach to local authorities and smaller water operators. It should support short-, medium-, and long-term upskilling strategies, not only educating the next generation, but addressing current and near-term labour shortages.

Similarly, the proposed Water Smart Industrial Alliance should be launched with a strong focus on competitiveness and co-developed with industry stakeholders to define clear, actionable priorities.

Many of the flagship actions set out in the WRS are important and appear well-targeted. However, given their high-level nature at this stage, further stakeholder engagement is essential to refine their implementation.

## **PARTNERING FOR EFFECTIVE DELIVERY**

BusinessEurope encourages the Commission to engage actively with end-users and industrial stakeholders to co-develop operationally viable measures.



## WHERE CHALLENGES REMAIN AND FURTHER IMPROVEMENTS ARE NEEDED

Despite the positive elements outlined above, several significant challenges remain unresolved.

### PROBLEMATIC TIMELINES AND LEGAL ROADBLOCKS

The continued insistence on the 2027 deadline for implementation imposed under the Water Framework Directive (WFD), despite broad recognition that most Member States will not achieve “good status” for all water bodies, is creating growing legal and investment uncertainty. The absence of a transition mechanism or phased approach is already impeding the issuance of industrial permits and delaying strategic investments.

In addition, the rigidity of the “one-out-all-out” and “non-deterioration” principles often obscures real progress and constrains proportionate, site-specific improvements. A more balanced application of Article 4 of the Water Framework Directive, by allowing flexibility through the exemptions under Article 4(7) and by adopting a more proportionate interpretation of the non-deterioration requirement in Article 4(5), would provide a more effective framework for achieving the EU’s environmental objectives while ensuring legal certainty and the continuation of economic activities. BusinessEurope calls for a more flexible application of the one-out-all-out principle and the adoption of progressive protection schemes, allowing improvements to be made gradually through documented action plans that reflect quality impacts over time.

Given these challenges, we urge policymakers to postpone the 2027 deadline, which in many cases remains unattainable and continues to hinder the granting of industrial permits across several Member States. Postponing the 2027 deadline should not be seen as a reason to delay action any further. It would enable policy makers both at EU and national level to effectively adopt implementing and legislative measures to achieve the objective of good water quality. This would provide legal certainty to companies needed to make necessary investments.

### EFFICIENCY TARGETS MUST FIT THE CONTEXT

While BusinessEurope recognises the Commission’s good intentions in putting forward the proposal for an EU-wide 10% indicative water efficiency target by 2030, the lack of clarity, raises concerns about its feasibility and proportionality, and we encourage authorities to practically evaluate this measure.

While the objective of improved efficiency is broadly shared by industry, a uniform target should not overlook the substantial differences in water availability, infrastructure, and industrial profiles across Member States. Targets should also take into account efforts and results already achieved, for example by industry in reducing water use. In countries facing chronic water stress, such targets may currently create additional pressures that may neither be realistic nor economically sustainable, especially in sectors with widespread territorial presence. Nevertheless, water efficiency remains a priority for industries.

It is also essential that the strategy clearly defines the scope of “water efficiency,” specifying whether it refers to groundwater, surface water, grey water, or overall consumption. Without such definitions, implementation risks being inconsistent and lacking in comparability across Member States.

Therefore, a one-size-fits-all approach should be avoided, to prevent undue strain on water-dependent sectors. Water efficiency targets must be context-specific, realistic, and aligned with local conditions, while respecting EU Member States' subsidiarity and ensuring economic viability.

## **MISSING THE WATER-ENERGY LINK**

The WRS gives insufficient attention to the critical link between water and energy systems. Energy is indispensable for water services such as pumping and treatment, while water is equally essential for producing energy. This is captured in the formula: “no energy without water, no water without energy”. Hydropower, an essential low-carbon and flexible energy source, receives minimal recognition, despite its key role in energy security in several Member States.

Similarly, water-intensive strategic technologies for the energy transition, such as hydrogen, battery manufacturing, CCS, and semiconductor production, require a coherent policy framework to balance growing water demands, particularly in regions where water scarcity and industrial expansion coincide.

## **RESILIENT INDUSTRIES REQUIRE THE RIGHT TOOLS**

The WRS's approach to industrial water resilience remains overly general. BusinessEurope stresses the need for more practical and targeted implementation tools within the existing regulatory framework to help companies secure sustainable water access. This includes streamlining permitting procedures, encouraging investment in water reuse circular solutions and collective nature-based solutions (e.g. wetland restoration at sub-basin level) that deliver shared benefits for drinking water, ecosystems, agriculture, and industry and improving access to existing support mechanisms. In this context, regulatory authorities play a key role to incentivise re-use, recycling and reclamation projects, for instance providing the right incentives to support the reclaimed treated wastewater where feasible.

To accelerate technological advancement, public-private innovation partnerships should be expanded. These can help accelerate the invention and deployment of new technologies such as, digital water twins, real-time data monitoring, remote sensing systems, leakage analytics, AI-based water applications and automated water quality measurement but also nature-based solutions such as biomimetic solutions.

Such tools are critical to supporting sector-specific transitions toward circular water use – particularly in advanced sectors like data centres, where efficient water reuse systems are already in place. Facilitating permitting for such operators would support the broader goals of circular and resilient water use.

## **STREAMLINING WATER GOVERNANCE FOR COHERENCE AND COMPETITIVENESS**

Regulatory fragmentation and inconsistent national rules continue to hinder fair competition and investment predictability. Limits are not always based on the actual quality status of receiving water bodies, and restoration targets often lack realistic grounding. The WRS should promote a more dynamic, quality-based approach.

Tailored strategies are needed to reflect the specific constraints and opportunities of different industries, such as the contrast between food processing and mechanical manufacturing. Unlocking the full benefits of smart, resilient water infrastructure will depend on the EU's ability to foster innovation while recognising these diverse industrial realities.

Finally, the longstanding issue of policy fragmentation remains unresolved. The overlapping obligations under the WFD, the Urban Wastewater Treatment Directive, the Marine Strategy Framework Directive, the Nature Restoration Regulation, and others continue to impose complex and at times duplicative requirements. For businesses, this not only increases administrative and compliance costs but diverts resources away from innovation and operational improvements. While the WRS acknowledges this issue, it does not set out a roadmap for legislative streamlining.

BusinessEurope reiterates its call for a comprehensive regulatory mapping exercise to streamline legislative frameworks, align monitoring and reporting obligations, and ensure consistent governance – particularly in cross-border water basins. This issue should be considered in the ongoing EU simplification process.

# BUSINESSEUROPE



**BusinessEurope** is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

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