



17th International Input-Output Conference

TITLE: WATER RATES AND RESPONSIBILITIES OF DIRECT, INDIRECT AND END-USERS IN SPAIN

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COUNTRY: SPAIN

KEYWORDS: USER RESPONSIBILITY ; END-USER, ; WATER RATES ; VIRTUAL WATER ; SAM

PAPER CONFERENCE CODE: 67

FULL PAPER IN CD?: NO

ABSTRACT:

In Spain, irrigation is the main user of water, approximately 80% of direct use, and the price paid for this water has been lower than its cost. The recent Water Framework Directive of the EU requires that all cost should be recovered but its application is having perverse effects. In some cases, farms become economically unviable and, in others, cultivation is intensified (double harvests, changes of crops,..) and water consumption is increased. This paper analyses the possible joint social and environmental responsibility of all users, direct, indirect via inputs and end-users, and whether it is possible to increase it by using other distributions of water costs. We use a SAM of the province of Huesca, a region in north-east of Spain that has nearly 200,000 hectares of irrigated land. We began by examining the current situation and the reasons for other criteria of distributing water cost among the users. Then we analyse impact of these criteria on sectoral prices with linear models obtained from the I-O Table and the SAM. This allows us to simulate different scenarios and to show their environmental advantages. Finally, all be integrated into an Applied General Equilibrium Model to obtain a more integrated and robust vision