



The Role of Tradable Permits in Water Pollution Control

Project

Duration

Oct - Dec 2003

R. Andreas Kraemer presented Ecologic's paper on "The Role of Tradable Permits in Water Pollution Control" in Santiago de Chile. The paper – which is available for download – served as a conceptual framework to support discussions at the Technical Seminar on the Feasibility of the Application of Tradable Water Permits for Water Management in Chile (13-14 November 2003).

Tradable discharge permits are among the most challenging market-based instruments for water management and pollution control, in terms of both their design and implementation. This concept paper has been prepared to support the discussions on the role and applicability of tradable permits in water pollution control among participants of the Technical Seminar on the Feasibility of the Application of Tradable Water Permits for Water Management in Chile.

The Technical Seminar was organised by the Inter-American Development Bank (IADB) and the National Environment Committee of Chile (CONAMA). In Chile, water pollution is a major problem. Until recently, existing regulations to control water pollution consisted mainly of non-market based instruments. Innovative instruments are now being explored via a recently approved national law for tradable emission/discharge permits.

The paper at first introduces the different fields of application of water tradable permits systems as part of an overall taxonomy of economic instruments for water management. The authors provide literature-based empirical evidence of the limited international experience with water tradable discharge permits (case studies from several regions of the US and Australia). Lessons are drawn from the selected examples, considering also the institutional and existing regulatory context of the countries in question. Subsequently, the authors make recommendations on the strategies for introducing tradable water pollution rights, point out opportunities and limitations and discuss the instrument's compatibility in instrument 'mixes'.

R. Andreas Kraemer presented the paper at the Technical Seminar on the Feasibility of the Application of Tradable Water Permits for Water Management in Chile on 13-14 November 2003, in Santiago de Chile.

The final report ["The Role of Tradable Permits in Water Pollution Control"](#) is available for download [pdf, 135 KB, English].

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