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## CEEweb Comments on the Consultation on the Future “EU 2020” Strategy – Commission working document COM (2009)647

### Introduction

CEEweb for Biodiversity<sup>1</sup> welcomes the opportunity to give input through the consultation of the Commission working document COM (2009)647 on the “EU 2020” strategy. We especially welcome the call for a greener economy and strongly believe that the EU has the right instruments and tools to make it happen.

The main challenge CEEweb sees for the coming period is **the transition of the current material value based European economic and social model with a narrow focus on competitiveness and economic growth towards natural value based model with a holistic focus on human well-being.**

The Commission working document unfortunately focuses primarily on economy and on overcoming the financial crisis. Social and environmental issues clearly play a subordinated role and they are only reflected upon in *relation* to economy. The EU sees supporting economy as the ultimate goal, with which also all other problems can be tackled. CEEweb thinks this approach is false. Economy should not be the goal, rather just the tool to support human well-being within the given natural boundaries of the ecosystem.

Besides the economic crises Europe is now facing other global challenges, as well. **An EU 2020 strategy should equally focus on issues such as climate change; protection of biodiversity and ecosystem services or decreasing inequality and economy;** or otherwise it should be clearly distinguished as “EU 2020 Economic Strategy”.

The Commission working document says that the Lisbon Strategy (which mid-term revision was based on the flawed, economic focused approach) helped to “weather the storm of the recent crisis”. The big picture is not so positive though. According to the 2009 Review of EU Sustainable Development Strategy:

- “Consumption patterns, mainly regarding energy consumption, however, show clear unfavourable developments, with severe health impacts.”
- “Human activity continues to threaten biodiversity and areas of natural land.”
- “The number of working poor and the overall risk of poverty have not changed”

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<sup>1</sup> CEEweb for Biodiversity is a network of 64 non-governmental organizations in the Central and Eastern European region. Our mission is the conservation of biodiversity through the promotion of sustainable development.



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Besides failing on sustainable development, the EU has also missed to reach its 2010 target to stop biodiversity loss. The ongoing TEEB<sup>2</sup> (The Economics of Ecosystems and Biodiversity) study has estimated the cost of inaction in biodiversity and ecosystem conservation in the first years of the period 2000 to 2050. According to the study **each year we are losing ecosystem services with a value equivalent to around EUR 50 billion from land-based ecosystems alone.**

All economic activity (and thus human well-being) is based on the undisturbed operation of ecosystem services:

- provisional ecosystem services e.g. water, timber;
- regulating ecosystem services e.g. climate regulation; water purification
- supporting ecosystem services e.g. seed dispersal;
- cultural ecosystem services e.g. recreation.

**Through overusing our resources we destroy the operation of these services,** also according to a recent article in Nature<sup>3</sup>. With this overshoot we compromise the future generations' possibilities for a thriving economy. Also according to the Commission document "The EU should turn the crisis into an opportunity to address financial and ecological sustainability; and develop a dynamic low-carbon and resource-efficient, knowledge-based, socially inclusive society; and promote this approach globally." Therefore, linking the goals of the EU Sustainable Development Strategy to the goals of the "EU 2020" Strategy is inevitable to achieve the above-mentioned aim.

As member of the European Environmental Bureau (EEB), CEEweb highly supports EEB's comments on COM (2009)647 as well as the implementation of the Spring Alliance Manifesto<sup>4</sup> requirements.

### **Short summary of CEEweb's general demands for the "EU 2020" Strategy**

**CEEweb welcomes the EU's aim to transform the EU economy a smarter and greener economy.** We also welcome the proposals to use economic and legal instruments (emission trading, tax reform, grants, subsidies and loans, public investment and procurement policies) to shift the economy in a more sustainable direction.

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<sup>2</sup> A first assessment stemming from a G8+5 initiative sponsored by Germany and the European Commission, points to the growing pressures on biodiversity and ecosystem services across the world and the need for improved valuation metrics for pricing natural resources. The main pressures come from population growth, changing diets, urbanization, climate change and invasive alien species. The Economics of Ecosystems and Biodiversity Interim Report, European Communities, 2008.

. Identifying and quantifying planetary boundaries that must not be transgressed could help prevent human activities from causing unacceptable environmental change, argue Johan Rockström and colleagues. <sup>3</sup> "A safe operating space for humanity" Nature 461 472-475 (24 September 2009)

<sup>4</sup> <http://www.springalliance.eu/manifesto>

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The main instrument in this field promoted by the Commission document is improving energy and resource efficiency. While this could have important merits for the environment, the advantages are more relevant from a purely economic point of view, as for instance through bringing significant benefits in the global competition for resources and energy through the development of new technologies and innovation. On the other hand, **energy and resource efficiency improvements alone cannot help to stop the overexploitation of resources.** It was showed already by the so-called Jevons paradox that the savings of energy efficiency can be easily consumed by the parallel increasing demand. We have no reason to think that this won't be the case in the future. For instance the EU footprint growth in last decade<sup>5</sup> shows clearly that notwithstanding efficiency improvements we use our resources beyond their capacity to regenerate. It is unlikely that this tendency will stop or slow down in the near future.

**Therefore instead of increasing efficiency we call for setting overall limits for energy and resource use.** The first steps towards a capped economy could be small to help economy adapt, ensure smooth transformation etc. As an instrument for limiting resource use we recommend the **caps and quotas system** to be introduced.

Introducing this system in the framework of the “EU 2020” Strategy would involve diversified advantages. An energy use and natural resource use capped economy would:

- effectively protect EU's as well as the world's ecosystems,
- help to achieve EU climate goals
- improve social cohesion and well-being.

**Capping resource and energy use will have bigger effect on labour market than any other instrument designed to improve employment.** With more scarce supply of cheap energy and resources manual work will become comparatively advantageous and increased transport cost will make **local economies thrive.**

Moreover, once limits are recognised society and economy will start to adapt to the new situation by themselves making ineffective subsidies, state support policies etc. unnecessary. **If limits are introduced step by step ensuring long term predictability, the negative effects for society can be minimised.** The EU could have a **real competitive advantage on the global market** from the development of new technologies and innovation that would follow the introduction of caps. This knowledge will be heavily needed by those recognising resource scarcities later on. After limiting its energy and resource use, the EU **should slowly start to promote and support this concept of caps globally.**

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<sup>5</sup> The Living Planet Report 2008 shows that if current trends don't change humanity will be demanding 2 planets worth of resources by the mid 2030s. The report includes updated Ecological Footprint and biocapacity data for 150 countries, projections for 2050, and suggested pathways for humanity to change course towards one planet living. WWF International, 2008



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## Detailed description of CEEweb's general demands for the "EU 2020" Strategy

CEEweb agrees that the deep transformation of Europe is necessary. We urge the EU to see the parallelism between the recent collapse of the economic and financial system and the possibly upcoming collapse of ecosystems. The cause of the collapses of these two types of systems are the same: using capital (financial or natural capital), which doesn't exist in the real term, but only exists virtually (in the financial system) or in the future (when using the natural capital of future generations). However, the antagonism should be understood between these two systems as well. While the financial crisis can be tackled by economic means, the natural system collapse is irreversible.

Therefore the EU should use the financial crisis as an opportunity and lesson learnt in order to avoid the ecological crisis through applying the following:

- 1. RESOURCES** - the EU should put an absolute limit on total energy and natural resource use and thus ensure the sustainable use of biodiversity.
- 2. SPACE** – the EU should ensure connectivity of natural processes and set limit to its demand for space, thus promote resilient and healthy ecosystems.
- 3. ECONOMIC AND LEGAL INSTRUMENTS** - the EU should change the legal and economic regulatory framework corresponding to the achievement of the above targets.
- 4. KNOWLEDGE BASE AND COOPERATION** - the EU should examine the socio-economic drivers of social and environmental problems and work towards changing these drivers in cooperation with existing international platforms.

To achieve EU's economy operating on a sustainable basis and its ecological footprint be equal to its carrying capacity an effective new resource and product policy should be introduced and implemented, that would trigger a strategic shift from a continuous overexploitation of natural resources towards the re-use and recycling of materials and the re-design of products, buildings and infrastructure.

### **I. RESOURCES**

EU should put an absolute limit on total energy and natural resource use and thus ensure the sustainable use of biodiversity.

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- **Gradually decrease fossil fuel use, e.g. by 2% per year.** Since the world is likely to face resource scarcity in the future, and also because according to IPCC, 80% of CO<sub>2</sub> emissions is needed to be cut by 2050 in order to avoid disastrous climate change, the EU should start preparing for a future without fossil fuel use. This could be achieved in the long term by cutting fossil fuel use step by step.
- **Set limit on energy use, which limit then could be reached gradually, e.g. by 1% per year.** Since the current rate of growing energy demand can not be satisfied with only renewable energy resources without seriously degrading the world's natural heritage; an absolute limit to energy use should be set. This means that the system should be regulated already on the input side (energy use) on contrary to the current output side regulation (emissions). Through this initiative independency from fossil fuel can also be achieved.
- **Set limit on natural resource use, which limit then could also be reached gradually, e.g. by 1% per year** until it reaches the carrying capacity (or footprint) of Europe. Since EU demand for natural resources exceeds the carrying capacity of the EU's footprint by 30%, which is far from sustainable, EU's use of natural resources globally should also be capped.

## II. SPACE

EU should ensure connectivity of natural ecosystems and set limit to its demand for space, thus promoting resilient and healthy ecosystems.

- **Improve the coherence and connectivity of natural ecosystems** that provide vital services for securing human well-being (e.g. in face of climate change). At present EU has a well connected transport system, which at the same time fragments ecosystems. Therefore we support the **development of the EU Green Infrastructure**, a network that will both reconnect wildlife and its habitats and deliver important ecosystem services. Green Infrastructure should be developed, while transport infrastructure should be designed in an environmental cautious way in special in Central and Eastern European Member States in order to avoid the mistakes of old MS and to preserve the rich biological heritage of these countries for the EU.
- **Set limit to EU's demand for space and at the same time start gradually 'giving back land to nature'.** Set strict limits and scientific sound criteria for any new green-field investments. Rehabilitate natural surface cover on significant part of man-dominated land with a gradual timing. Develop new regulation and sound criteria for cultivated field size, set-aside fields and abandoned land, ensuring that there is enough space for natural processes
- **Carry out site based biodiversity risk assessments related to any future land use change** in the planning phase, so that the conversion of natural land can be avoided. This could help to avoid environmental pressures saved in terms of emissions shifting to biodiversity (e.g. as it happened in the case of biofuels).

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### **III. ECONOMIC AND LEGAL INSTRUMENTS**

EU should change the legal and economic regulatory framework corresponding to the achievement of the above targets.

- **Develop economic and regulatory instruments to address the drivers behind social and environmental problems** (such as poverty and hunger; climate change and biodiversity loss). Practically this means changing the boundary conditions of economy.
- **Develop indirect tools** (economic incentives like quotas, taxes and subsidies; absolute ceilings on resource use) **and direct tools** (e.g. spatial planning, polluters pay regulations) to tackle the only seemingly sectoral, but in fact deeply interconnected problems.
- **Eliminate perverse subsidies and promote incentives, which reveal the value of nature** to the owners of land according to their biodiversity richness or the ecosystem services they provide. The TEEB study also promotes to “rethink today’s subsidies to meet tomorrow’s priorities”, thus harmful subsidies must be reformed to halt biodiversity loss.

### **IV. KNOWLEDGE BASE AND SYNERGIES**

EU should develop an annex on the socio-economic drivers of social and environmental problems and find synergies with existing international platforms.

- **Develop an annex to the “EU 2020” Strategy on the socio-economic drivers of social and environmental problems** in order to provide a conceptual basis for holistic policy responses. It should explore the complex relationships among drivers and pressures, and the trade-off relationships between the various measures targeting the different environmental pressures. Such concise, but comprehensive analysis of the drivers would help the decision makers from all sectors to find the appropriate tools for achieving the targets and subtargets and thus avoid the mistakes of the current Lisbon Strategy.
- **Enhance synergies with different international platforms** (such as CBD, UNFCCC, ICESC, UNESCO, WTO etc.)



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## Annex on the socio-economic drivers of social and environmental problems

Human well-being and economy are deeply depending on well-working, undisturbed natural processes, which provide a wide range of ecosystem services. Also according to the ongoing TEEB study the health of our planet and the well-being of its people are very much interlinked, and thus there is a huge need for “existing policies to be improved, new policies to be formed, and new markets to be created: all of which is needed to enhance human well-being and restore the planet’s health.”

The Lisbon Strategy, especially after its mid-term reform in 2005, focusing on “growth and jobs”, lacked an understanding of the socio-economic drivers behind poverty and hunger; biodiversity loss and climate change. Without changing the current economic framework, which still fails to reflect the true value of natural resources, reaching the goals of the “EU 2020” Strategy like empowering people in inclusive societies; and creating a competitive, connected and greener economy are impossible.

Relatively cheap natural resources lead to production and consumption patterns based on energy and material intensive products and services. This economic framework is reflected in the institutional structures underpinning it: in the governance setup, state budgets and subsidies, programmes and policies, and also in the education system for instance. As long as these drivers are not tackled, they will continue regenerating the different social (poverty and hunger) and environmental (biodiversity loss and climate change) problems, no matter how well designed our policies are. Understanding of the socio-economic drivers behind these problems is the first and most necessary step.

These complex relationships can be examined with the help of the DPSIR (drivers-pressures-state-impact-response) model adopted from the one developed by the European Environmental Agency. In the following figure the model is applied for biodiversity loss, but it can be applied to other issues as well.

