

## Without capping resource use, the EU's efforts on promoting resource efficiency will be only another end-of-pipe solution

*Budapest, Hungary – One of the seventh Flagship Initiatives of the Europe 2020 Strategy is targeting resource efficiency. A roadmap on how to realize resource efficient Europe has just been published. However, it still lacks proper targets and concrete actions through which overall resource use reduction can be achieved due to the so called rebound effect. Therefore, the umbrella of Central and Eastern European nature Conservation NGOs call for the absolute reduction in resource use in order to reduce the EU's environmental burden within the carrying capacity of its territory.*

### What is the state of play?

Resources are the bases for our boosted production and consumption. Our extraction of these materials rose to a level where it is needed to search for new alternatives and replacements, and to reduce our everyday-life consumption. Our unsustainable habits to consume enormous amount of resources trigger economic and environmental problems. Besides, these habits do not ensure the fair and equitable sharing of resources neither on national nor on global levels, thus they do not contribute to poverty and hunger alleviation. The direction and the system of tools of this radical change are both missing still. Laws have become segregated dealing with partial problems, following contradictory objectives and serving often conflicting interests, and it becomes impossible to harmonise them beyond a certain point.

### How does EU tackle the issue of resource use?

The European Commission intends to move towards to a more resource efficient economy, also as a means to protect valuable ecological assets, the services they provide and the quality of life for present and future generations. It strives to find new ways to reduce inputs, change consumption patterns, and optimise business methods, as well as a significant transition in energy, industrial, agricultural and transport systems, as it is outlined in the Roadmap towards Resource Efficiency Flagship Initiative published today.

### What are the shortcomings of focusing only on resource efficiency?

In order to realise the stated environmental and economic objectives it would be imperative that resource efficiency gains are not lost due to the rebound effect<sup>1</sup> and therefore an absolute resource use reduction is realised at EU level. Only absolute resource use reduction can ensure the achievement of the EU's objectives on fight against climate change and limit the environmental impacts of resource use. This also underpins the EU's efforts to improve the wellbeing of its citizens and contribute to stop global biodiversity loss through reducing its harmful impact on the rest of the world.

### How to deal with the problem at its root?

Proper policy tools have to be developed and implemented with involving all sectors at the beginning in order to create ownership. These tools should aim to transform the production and consumption patterns, reduce energy resource use on national level, decrease energy dependence, create a market for environmentally friendly products and services, and rebalance the use of

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<sup>1</sup> The so-called rebound effect<sup>1</sup> occurs when some or all of the savings from efficiency increase are cancelled out by changes in people's behaviour. On a consumer level it can be direct (turning up the heating in a newly insulated house) or indirect (spending the money saved on bills on a flight to Spain). And on a macro-economic level, improved efficiency is usually believed to lead to lower prices and more demand.

human labour and machines, while taking into account and eventually reducing social inequalities in energy resource use.

How to elaborate this kind of policy tool?

An overarching regulatory framework is needed that can harmonise different objectives. Thus CEEweb calls for the introduction of the energy quota scheme<sup>2</sup> elaborated by the National Society of Conservationist – Friends of the Earth Hungary and the Ecological Institute for Sustainable Development, two of the Hungarian CEEweb members should therefore assist the solution of social, economic, and environmental problems. The scheme gained wide support among Members of the Hungarian Parliament, NGOs and also citizens builds upon four pillars.

- Pillar 1: The Energy Quota

The use of fossil and nuclear energy sources shall be reduced through direct savings, increasing efficiency, or shifting to renewable energy sources. An effective tool for realizing this reduction is the energy quota system. Energy consumption entitlements of annually decreasing quantities would be allocated among the individual consumers and public and private consumer groups. Those, who save a part of their allocated entitlements, can sell their remaining entitlements through the quota managing organization to those who have consumed more than their allocated consumption entitlement. The quota managing organization sells the quota in the national currency, and buys the remaining quota for quota money.

- Pillar 2: The Market for Environmental Goods and Services

The market for environmental goods and services is an open market operating according to environmental and ethical rules including aspects of sustainability and market considerations. The quota money received from selling energy consumption entitlements could be exchanged to products in this 'eco-labelled' secondary market.

- Pillar 3: The Revolving Fund

The Revolving Fund provides the opportunity for everyone, both energy producers and consumers, to be able to achieve savings through energy efficiency and renewable energy investments. The Revolving Fund provides interest free loan in quota money with a payback period adjusted to the energy savings or income generation realised through the investment.

- Pillar +1: Support Service

The Support Service aims to provide advice on lifestyle, planning, social and environmental issues, as well as information on the functioning of the scheme to consumers.

How to realize the tool at EU level?

CEEweb for Biodiversity calls on European decision-makers of the Commission and of the Parliament to respond to the unavoidable necessity of absolute resource reduction. We call them to include ambitious targets on absolute resource use reduction and to initiate a discussion at EU level for introducing the presented energy quota scheme.

About CEEweb for Biodiversity

CEEweb for Biodiversity is an umbrella organization of NGOs in the Central and Eastern European region. Our mission is the conservation of biodiversity through the promotion of sustainable development.

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<sup>2</sup> [http://www.ceeweb.org/workingareas/resource\\_use/energyquota.htm](http://www.ceeweb.org/workingareas/resource_use/energyquota.htm)