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## CEEweb position on the document of „Budget for Europe 2020”

In the Budget for Europe 2020, the European Commission Communication aims to support the Europe 2020 Strategy. The Strategy strives simultaneously achieve social and environmental goals. According to the plan, social well-being would be enhanced through increasing employment, while the state of environment would be improved through promoting efficiency and alternative energy sources. Furthermore, the Strategy aims to improve the competitiveness of the whole European Community. Through the budget, these previously formulated – but not yet accomplished – goals intended to be achieved using an old approach, which has already been approved to be ineffectual.

The reformation of Europe needs systematic change.

A new approach is necessary in the competition policy. Without regulating global competition, the European Community – both alone and with its Member States – is not able to compete with other countries. These countries have market advantage through exploitations of social classes and environment over those countries that carry out their economic activity according to strict regulations. Export productions are cheap because they do not include the price of negative externalities, which are paid then by the society. Besides, these products do not include the social costs either, which embodies the European manpower displaced from employment.

The total accessibility of available natural resources will be fully narrowed in the future. Europe has the chance to gain an advantage in competition only through a changed production and consumption structure and culture. This would mean low material and energy demanded products and services, which can decrease the fossil energy sources dependence of Europe.

Due to the emerging natural resource scarcity, the EU budget should follow a new logic. It has to follow a model that aims for a fairer distribution of goods and high quality development instead of prioritizing short term profit. A new macro-ecological model should measure the progress made towards the identified goals. An increase in environmental quality should follow these improvements. The goals may be achieved if the functioning of ecological services is assured and results in a decrease of environmental load. This is one of the conditions of achieving goals, which should be connected to the idea that GDP growth is not separable from environmental health in absolute sense.

With this new logic, the solution to problems lies in prevention. An improved budget serves prevention is necessary for solving emerging problems as well. Balanced development can alleviate or ease social and environmental problems.

It is important that the EU budget shall not spend public money for activities that are proved to generate negative externalities to society. In order to avoid this, it is necessary to design an analysis system, through which definition of supporting priorities is defined and each project is monitored.

Recently the aspects of sustainability have become more formal and controversial. These aspects are most important during the adoption of applications, while do not have great importance during the evaluation process. Some member countries have little power to meet the sustainability criteria through the implementation phase. Therefore, registration of the sources is more important than the validation of environmental conditions.



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The greatest weakness of environmental estimation of the supporting systems is that it never analyzes the environmental impacts on all supporting systems in relation with communities. It is clear that the environmental effect on each supporting system is not wholly accounted within the environmental impacts of projects. Environmental effects are realized on different scales as well. For example, the environmental impacts of a new motorway is apparent locally and in all of the transport networks at the same time.

An even more important problem is that newly created activities have a synergized effect on old activities. It would be better to estimate the environmental load of new activities and to measure that additional environmental load, which exceeds the environmental carrying capacity.

If the EU takes seriously the achievement of environmental goals, it cannot afford to continue exceeding the carrying capacity of the environment. Suitable support systems cannot assist the growth of environmental loads. Contrary, it should to lighten it. It is important to note that unsupported activities and private investments cannot accomplish these goals. So their negative effects have to be overcompensated by public spending. It is workable if the implemented supported activities:

- produce positive externalities
- do not produce negative externalities
- support only activities which produce less negative externalities than the previous ones

#### Coherency of each sectoral policy with biodiversity

Directly or indirectly every political decision is iconnected to biodiversity, but policies which influence land are especially important. One of the tools to support regions and nature is usually the CAP. However, payments based on areas have had unfavorable impacts on biodiversity in the new member states. Previously abandoned sites with low productivity have been put to use to receive subsidies. On these lands, natural succession had often already progressed, subsidiary steppes have come to extension with diverse wildlife and forestation. The ecosystem services of these lands – which have been managed by big, efficient machines (farmers bought them using money from the subsidies) – have declined. As a consequence, the load on the environment has increased. Cheap lands – those that are marginal in terms of supports – are managed by a small number of wealthy people who purchased local people's extensive parcels or obtained land through privatization of state areas. For this reason most local people have no opportunity to access land based supports.

The first pillar payments did not do justice in principle, since it isn't possible to use public money at the expense of communities, i.e. the payments system did not manage negative externalities. According to the planned reform of the first pillar, 30% of payments have to be distributed in an environmentally friendly way. However, it is proved that previously funds have not managed to serve this intended goal. Not to mention that the rest 70% will not serve an environmentally sound end in the future either.

The second pillar has also negative effects on biodiversity, since it allows biomass utilization. Rising energy demands affect the increase of land use intensity and extension beyond the well known global environmental and social danger of agricultural fuels. The renewable capacity of soil cannot keep up with the extent of degradation. The subtracting and incineration of biomass from the food-chain is not sustainable.



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If 30% of the first pillar is being paid on environmentally friendly way and even if the subsidy payments arising from the second pillar suit the principles of sustainability, only half of the overall CAP subsidies would be paid environmentally friendly way because the subsidies of the first pillar are three times higher than of the second pillar.

The issue of preservation of biodiversity is closely connected to EU climate policy and it is inseparable from land use goals. The effects of climate on biodiversity are not resolvable through greenhouse gas reduction efforts alone. Although reduction goals might be reached in the far future, climate change will have harmful and long lasting effects. Therefore, it is extremely important to prevent further destruction, and not enough to implement the present emissions policy to preserve biodiversity. For short term achievements EU has to stop destroying lands and make effort to reach resilient natural habitats. A coordinated, global action is also needed towards the maintenance of biosphere services.

On one hand preserving natural habitats and restoring degraded habitats provide space not only for conserving biodiversity but also for improving ecosystem services. Moreover, climate control capability can be improved through these measures. For this, the necessary financial instruments should be provided from the second pillar.

On the other hand the problem of greenhouse gas emission is resolvable by a cohesive, energy and transport policy. According to recent experiences, it is quite obvious that EU should favor public and railway transport and water haul as well as improvement of tools and infrastructure related to these transport types. Therefore, all subsidies, which are not compatible with biodiversity's and climate protection's goals, have to be eliminated. Besides, the improvement of water haul also has an important role within environmentally friendly transport. However, at the same time we have to avoid the conflict between the conservation of water bodies and their use as potential transport ways. Avoiding conflict requires fleet structure development, which is adapted to the ranging water level instead of constant energy investments to sustain water haul.

The role of the different EU funds should be clarified from an environmental point of view, i.e. which funds serve to address the drivers behind environmental problems and thus the prevention of environmental degradation, and which funds serve the mitigation of environmental damage. Evidently the Structural and Cohesion Funds shall serve for prevention, and Life+ shall serve for mitigation of environmental damage. In this regard the current amount of Life+ is insignificant to satisfy the demonstrated needs.

Summarily, environmental conservation should have a fundamental role in political and budgetary decision-making. Namely, environmental objectives can only be realized, if total energy utilization does not increase, which is especially true for fossil energy sources. Therefore, the utilization of these sources shall be phased out from energy production. The fulfillment is only possible if Europe provides regulatory frameworks for the inside and outside energy sources, which consider the ecological carrying capacity. Improvements in efficiency and the utilization of alternative energy sources can help, but only if these are not overextended by the demand and if we substitute the current energy structure with a more sustainable one.