A National and International Land use rights trading system

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The aim of the system

• We need room for interaction among ecosystems to keep processes on the right track

• We must implement sustainable land use at global level that supports the optimal delivery of ecosystem services
The regulatory system

- The system sets requirements for all land use types (urbanization, industry, infrastructure, agriculture, forestry, recreation, nature conservation) and groups them under A,B,C categories.

- Land users obtain land use entitlements (land use rights quotas) according to their land use practices.

- One land user could fall under more categories at the same time and receive different entitlements.
The traffic light concept

C: Bau, intensive use of areas (0 entitlement/ha)

B: Intermediate status (1 entitlement/ha)

A: Sustainable use - optimal ecosystem services (2 entitlements/ha)
Stage I. Initial level of fulfilment

Controlling institution sets a level of fulfilment in each year.
This rate has to be achieved by all users.
Three cases: fulfil, not fulfil, overfulfil.
Two options for not fulfil: change the practices or buy additional entitlements from those who overfulfil.
Stage II., III.,....

Fulfilment is increased
People move towards sustainable use
Final stage

All users meet the target
Sustainable use ensures that there is a minimal negative external pressure
If not, system is reset.
Financing

- Money comes from the improvement of the system
- Those who stay at Bau pay for negative externalities
- Those who overfulfil the requirements receive income for positive externalities
- Controlling institution generates income by selling land use rights
- Transaction cost can be covered by a 0.5% fee on all entitlement transactions
Pros

• It is regulatory and concerns everyone
• The aim is guaranteed at an optimal speed
• No further burden if it reaches its goal
• The generated income shifts towards sustainable resource use
• Environmental pressure is alleviated
• It connects personal interest with right consciousness
• It supports the role of human labor
• Developing countries can seek support in establishing their national regulatory system, if the international system is in place.
Cons

• Countries having low ecosystem services are not interested to join the international system
• High administrative burden
• Categorizing land user requires monitoring
• The transaction fee can be high