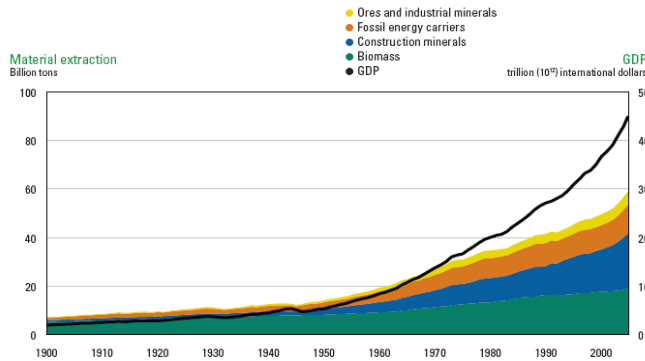




Why do we need to cap our resource use?

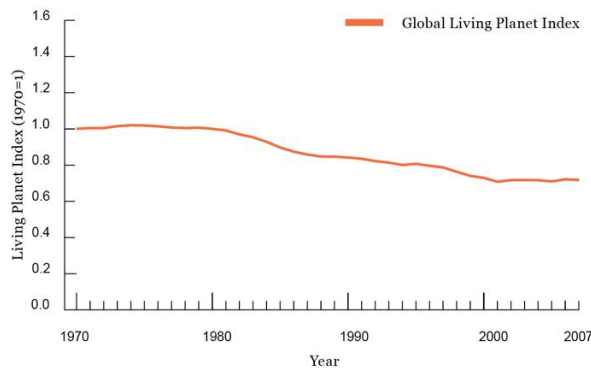
Global resource consumption is steeply on the rise, extracting eight times more material resources now than hundred years ago.

Figure 1. Global material extraction in billion tons, 1900–2005



Source: Krausmann et al., 2009

During the whole life cycle of associated goods and services, resource use poses growing pressure on the Earth's ecosystems. This in turn diminishes their ability to provide services such as climate regulation, food provision and water purification, which underpin all economic and social processes. Thus our livelihood, cultural heritage and human wellbeing on the whole are more and more threatened. Resource extraction is also contributing to biodiversity loss, which is at present time between 100-1000 times higher than its natural course.



Living Planet Index: The global index shows that vertebrate species populations declined by almost 30% between 1970 and 2007 (Zoological Society of London/WWF, 2010)

However, the exponential economic growth in industrialized countries, fuelled by this increasing resource extraction did not eliminate social inequalities, hunger and poverty either in Europe or globally. Today we face growing global competition over resources and price increase, which hits the poorest the most mainly in impoverished countries, but also in the rich.



Source: www.polyp.org.uk

Industrial economies, such as the European Union, use much more resources than their fair share, and thus they play a major role in degrading the planet's environment. Moreover, most fossil fuels, minerals, and biomass consumed in Europe are extracted in other countries. Hence the EU owes an "ecological debt" to impoverished countries for the use of their resources and ecological space.

According to the International Resource Panel¹, absolute reduction of resource use on a global level is necessary to make progress towards a sustainable economy. Under a tough contraction and convergence scenario industrialized countries should reduce their per capita resource use (average metabolic rate) by 66-80%, while 10-20% reduction in developing (non-industrialized) countries would be also need.

Such a scenario, which in fact would only mean going back to levels of global resource

The Resource Cap Coalition is an open platform for organisations and researchers advocating for a global resource cap. In our view absolute reductions shall be achieved while ensuring global and social justice and staying within the Earth's carrying capacity.

¹ UNEP (2011) Decoupling natural resource use and environmental impacts from economic growth, A Report of the Working Group on Decoupling to the International Resource Panel

consumption in 2000, would be consistent, in terms of carbon per capita, with the IPCC recommendation to keep global warming below 2°C.

		Baseline	Scenario 1: Business as usual	Scenario 2: Moderate contraction and convergence	Scenario 3: Tough contraction and convergence
Year		2000	2050	2050	2050
World population (Billions)		6.0	8.9	8.9	8.9
World Metabolic rate (Tons/capita/year)		8	16	8	5.5
World Metabolic scale (Billion tons/year)		49	141	70	49
Metabolic rate	Industrialized High density	13	13	6.5	5
	Industrialized Low density	24	24	12	8
	Developing High density	5	13	6.5	5
	Developing Low density	9	24	12	8

Metabolic scales and rates: overview of scenario analysis (Source: UNEP, International Resource Panel)

Why current policy responses are insufficient?

Policy efforts addressing resource use mainly focus on achieving higher efficiency. Nevertheless, this will not solve by itself the present and oncoming scarcity and the accompanying social and environmental problems.

Economic growth will relentlessly outstrip those gains, meaning a total rise in resource use. Political decisions must deal with the so-called rebound effect when they target resource efficiency in order to clamp down on overall resource depletion.

Our proposal

We need to absolutely reduce our resource consumption within Europe in order to refit our economy inside its ecological space. Introducing the European Energy Budget Scheme would be a first important step to make it happen.

The Energy Budget Scheme

The Energy Budget Scheme is a framework for achieving the deep decarbonisation of the economy while stimulating competitive innovation in business and defending fair access of energy for the poor.

The three pillars of the scheme (the energy entitlement scheme, the Transition Fund and the dedicated market for environmental goods and services) mutually support each other, and enable a system level intervention. This can unlock huge potential for behavioural change, market transformation and innovation.

- It provides a **consistent and coherent European policy framework**, while allowing for national flexibility in the details of implementation.
- The three pillars of the scheme mutually support each other and enable a **system level intervention**. This can unlock huge potential for behavioural change, market transformation and innovation.
- It **guarantees the desired environmental outcomes** and prevents the rebound effect, as it puts a hard cap on fossil fuel use in line with the global carbon budget determined by climate science.
- It **prevents carbon leakage** and prevents increasing energy bills by supporting companies in switching to renewables or increasing energy efficiency.
- It **protects the poor from the burden** of the necessary energy transition, guaranteeing entitlements to energy and helping with reductions in carbon intensive energy use through interest free loans, which are paid back from their own future energy savings.
- It increases the **public acceptability** and thus the political feasibility of decarbonisation, making society's common aims of retaining a benign climate and secure access to essential energy services obvious, while also providing funds to support these aims.
- It **supports the competitiveness** of the economy and cross-sector collaboration during the energy transition, boosting technological

innovation via provision of a clear long-term trajectory.

- It creates a **predictable business environment** for the energy transition, while increasing energy security and supporting affordability.
- It boosts deep decarbonisation and a transition to a circular economy through the **creation of a dedicated market** for environmental goods and services.
- It uses **limited financial resources efficiently**, as state revenues are not used in the form of grants, subsidies or tax incentives. Instead the Transition Fund generated by the system provides zero interest loans in quota money.
- It effectively promotes **common but differentiated responsibility** in the international context through linking national carbon budgets with international fiscal transfers among countries within a global carbon budget scheme.
- It also provides a mechanism for **unilateral or multilateral decarbonisation**. The import tariffs this would require would generate revenue for the early adopters, as well as providing a strong incentive for other nations to follow

The proposed European Energy Budget Scheme is based on the TEQs proposal from the UK and the energy entitlement scheme from Hungary.

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