

# Roundtable on Resource and Energy Efficiency in EU Climate Action

15 March 2023

## Theme and participants

Following the publication of Julian Popov's European Policy Analysis on [Energy Efficiency in Central and Eastern Europe](#), SIEPS brought together policy experts, academics and practitioners to discuss **energy use** and the wider question of **resource efficiency in the EU**: how can the institutions, member states and firms take effective action to ensure that we use less and use it better?

Among the participants were representatives from the European Commission, member state governments and public authorities, universities and think tanks from across Europe.

## Discussion

### 1. Energy Efficiency

Participants welcomed Popov's report, many stating that action was needed and that some issues are specific to Central and Eastern European states, such as an on average lower level of engagement with the energy efficiency agenda. Other issues, it was said, are common across the EU, such as an over-reliance on subsidies and grants rather than more **effective forms of financing**.

It was noted that we are seeing the emergence of a revised framework for energy efficiency in the EU. However it is possible that this will encounter problems on the road to implementation, for example where member states tend to resist requirements that come 'from Brussels'. Other challenges include the upfront costs which can seem high, despite the **long-term savings** they unlock.

Participants suggested that a change was needed in the way the current energy crisis was perceived: too often it is seen as something which will pass over, and which consumers and firms can ride out. Instead, it should be seen as an inducement to make changes which will leave us **better protected against infrequent crises and regular challenges**.

It was suggested that public authorities need to thoroughly evaluate existing systems (such as legacy district heating systems) and the pathways to more energy efficient ones.

As the energy crisis in Europe alleviates, there is a risk of complacency: speakers observed that the EU has replaced one dependency (Russian gas) with another (LNG from the US and the Gulf states), though it was also noted that some dependencies are less dangerous than others.

### 2. The Circular Economy

The roundtable welcomed the European Commission's recent report focusing on resource use in industry: the [ERA industrial technology roadmap for circular technologies and business models](#). The report examines three industrial ecosystems: textiles, construction, and energy intensive industries, and considers **how best to promote large-scale demonstration and commercialization of innovative solutions** for resource efficiency.

The participants discussed the report's findings: that there are common problems across these sectors but not necessarily common solutions. In some areas

**pilot programmes** will be needed to demonstrate the viability of less resource intensive approaches, whereas in others consumer behaviour will need to change or further **digitalization** is needed.

It was felt that the largest companies were more prone to investing in resource efficiency measures, (and therefore benefitted to a greater extent from consequent savings). One idea put forward to encourage SMEs to invest more was to **provide tools which make it easy to calculate anticipated savings**.

Alongside the Commission's report, Germany's work on the circular economy was noted, particularly its work regarding the connections between this policy area and climate action, as was recent research, for example the [International System Change Compass](#).

### **3. Resource/Energy Efficiency and Climate Targets**

Among the participants were some who had been working on this policy area for a long time. They noted that as far back as 2004 the European Commission launched an integrated product policy, though the discussion has since come a long way: back then demands that industry should use resources efficiently were considered by some policymakers to be tantamount to a planned economy.

In this part of the discussion a question mark was raised over the usefulness of the term 'circular

economy': it was argued that **no economic process is truly circular** (i.e. without losses), and that in contemporary manufacturing resources are sometimes embedded for hundreds of years.

The consensus was that making improvements to energy and resource efficiency can be profitable for firms, institutions and households. In some resource-intensive sectors there are still real economic challenges, for instance the higher cost of recycled materials compared to virgin ones. It was observed that there may need to be a **tax shift** to address this, and such a shift may only be effective at European level. It was noted that the **social acceptability of such measures** should be planned for: energy taxation has in the recent past been the trigger for social unrest.

Similarly supply and waste chains are cross border, meaning that national level regulation and incentives are not likely to have sufficient impact.

Participants emphasized the positive potential of changes in consumption, for instance the shift to a product-as-a-service or **everything-as-a-service** model.

The discussion concluded with recognition of the scale of work to do to deliver greater resource efficiency (including energy) and something approaching a circular economy, but also the importance of this work and its potential **benefits when it comes to the satisfaction of real human needs**.