

ENERGY SAVINGS IN EASTERN AND BALKAN EUROPE: A LONG WAY TO GO

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The European Commission and the European Union have been pushing member states for ten years to adopt effective energy saving policies. In 2007 the European Council officially approved the principle of a 20% reduction in European energy consumption compared to the 1990 levels, to be achieved by 2020. This principle fits inside the broader European strategy of reducing greenhouse gases, which also entails the development of renewable sources of energy and lowering energy consumption in general. In promoting energy efficiency the EU's goal was and still is to significantly reduce the amount of energy needed for everyday activities and for each country's production structure. Unless this goal is met in the short term, growing energy consumption will be unsustainable in the near future for the environment, economy and human life. This strategy must also take into account the progressive increase in power consumption in the EU area, which could thwart future reductions in energy requirements obtained through technological innovation in production as well as everyday life.

The goal of the EU's energy efficiency strategy is to achieve the same levels of production and performance using less power (the classic example is energy saving

light bulbs). To be effective this progressive technological improvement should be applied on a large scale: from factories to houses, from transport to information technology. In this way European directives enacted on this issue are trying to encourage governments and authorities to speed up the process of energy saving innovation.

Eastern Europe and the Balkans are the main targets of these regulations for two reasons. The first one is these countries' relative technological backwardness. This means that there is certainly more room to substantially reduce wasted energy. The second is the opportunity to build cleaner production and consumption systems, without repeating the past mistakes made by west European states. While the EU and the EC are committed to this goal, enthusiasm is sorely lacking in member states and particularly the new member states. In fact the new member states' enormous efforts to attain a satisfactory level of modernization often do not coincide with the appropriate and effective quest for greener technological improvements. In their frantic efforts to increase Gross Domestic Product (GDP), executives' attention in the area is focused on other aspects, while the massive consumption of energy resulting from this policy is not an immediate concern. On the contrary, currently, as energy consumption grows, GDP also increases, generating an apparently positive vicious circle. In this way energy efficiency and savings are hindered by the commonly accepted economic and financial parameters used to measure economic performance. Moreover, outlays required to improve energy efficiency in industrial plants and manufacturing discourage capital owners from pursuing this approach. The result is powerful lobbying on the part of these countries' financial and economic powers, to not abide by the proper levels of energy efficiency implementation. This is where the regulations and public intervention suggested by the European directives would be useful and effective.

The main argument put forward for not complying with the necessary energy saving regulations is European firms' feared loss of competitiveness if they were to invest their money in reducing energy consumption. They instead tend to focus on reducing the prices of final goods and services and/or technological innovation regardless of environmental considerations. This trend is dominant in east European and Balkan economies. An example is the car industry. This is developing only incidentally in a cleaner direction, as the bulk of efforts are directed at enlarging the number of cars in circulation and producing bigger or faster vehicles with higher fuel consumption. In eastern Europe and the Balkans, where the great majority of the population's purchasing power is low, the strategy of enlarging the individual transport model based on cars is far more incisive and environment-unfriendly than the small gains made in terms of new cars' driving a few more kilometres with the same amount of fuel.

This worrying dynamic shows that in order to be meaningful, an energy efficiency strategy should be larger, bolder and broader. In fact, isolated improvements in certain economic sectors will be ineffective in terms of the goal of significantly lowering greenhouse gas emissions on a global and national level. In particular, there is a more urgent need to build truly sustainable economies in the EU's newest members and the ones almost ready to enter, in the Balkans. These countries are in fact trying to expand GDP and output volume while little attention is being paid to the ecological aspects of this kind of growth. In terms of greenhouse gas emissions, these states are below the required level calculated by the Kyoto protocol for each country, so on paper currently they do not have to work towards reducing emissions. Given these circumstances, governments in the Balkans and eastern Europe are not seeking measures to avoid all the negative consequences in various fields caused by this development pattern, based on quantitative growth and high energy consumption

levels. New approaches must be taken to simultaneously continue economic progress but also save energy. This could be done by pre-arranging reformed low consumption production and transport systems, instead of focusing on single, insufficient improvements.

In looking more closely at the structure of east European and Balkan economies we notice the effect governments have by sheltering companies that want to reduce operational costs by benefiting from weaker regulations on air, water and ground pollution and waste management and processing. Indeed, stricter environmental protection and pollution policies (albeit not always properly enforced) signify an additional cost for enterprises fighting on the global market. This factor combines to push west European companies to delocalize operations to eastern Europe and the Balkans. The result is a lower commitment in the already industrialized countries to cope with energy efficiency strategies, and a delay in the industrializing ones in establishing serious energy efficiency policies.

A different approach is needed in terms of the concept of energy efficiency in eastern and Balkan Europe. More far-reaching solutions are required for critical changes in the energy hungry and thus unsustainable model of development undertaken in recent years. The concept of efficiency must shift from being the sum of possible technical improvements reached after other productive goals are obtained, to an all-embracing policy (for example by shortening as much as possible distances travelled by goods and services from manufacturer to consumer) capable of structurally greatly reducing emissions and various kinds of pollution. Of course this view does not exclude the opportunity, or the necessity, to consider and account for the continuous technological upgrading of production processes, which itself is only a partial solution.

The delay in complying with EU environmental regulations is presented as a success by local governments and agencies in eastern Europe and the Balkans. This so-called progress is due almost exclusively to the area's legacy of technological backwardness, which has now been upgraded thanks to EU accession. As yet no significant energy efficiency strategy has been formulated and it is also Brussels' fault for not implementing a coordinated and incisive environmental and production policy. These priorities have been pushed aside in favour of a virtually never ending growth model, fuelled by ever increasing amounts of energy.

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