European Commission  
200 Rue de la Loi  
1049 Brussels  
Belgium

10th May, 2010

The EU must make a binding commitment to reduce GHG emissions by 30% by 2020

Dear Commissioner,

Green Budget Europe welcomes and strongly supports the initiative of Climate Commissioner Connie Hedegaard to analyse the costs of and possible routes to achieving a 30% reduction of GHG emissions in the EU by 2020.

Every day spent holding back the shift towards a low-carbon economy and society is a day wasted. The costs of mitigating climate change are far less than the costs of coping with its effects. The economic downturn has created a window of opportunity to use recovery measures to green the economy. In the current economic climate, the costs of achieving the 30% reduction target will not be significantly higher than estimates for the 20% target made prior to the economic crisis.

We have seen fiscal stimulus packages elsewhere used to accelerate a shift towards a low-carbon economy, as in China, South Korea and the USA. The EU is in danger of lagging behind. A commitment to the 30% reduction target will ensure that the EU remains a global frontrunner in creating an innovative, low-carbon economy.

Sending a clear signal to business now that the 30% target is binding will foster conditions for eco-innovation, improve competitiveness and speed up the shift towards more sustainable consumption and production patterns. Making reduction targets dependent on international negotiations is a poor stimulus for innovation.

A concerted effort to achieve the 30% reduction target and push towards a greener economy would have multiple benefits: job creation in green industries, enhanced energy security in the face of rising oil prices, reduced energy costs due to increased energy efficiency, and improved competitiveness as the EU economy is greened. In addition, of course, to sending a strong signal to all negotiating parties at the

1 As demonstrated by the Stern Review (2006), see http://www.hm-treasury.gov.uk/sternreview_index.htm.
international climate negotiations of the EU’s commitment to reducing GHG emissions and mitigating climate change.

Policy instruments that put a price on carbon are the most efficient means of achieving these reductions. Emission trading combined with energy taxation to address those sectors not in the EU Emission Trading Scheme (ETS) are the EU’s strongest instruments to set a price on carbon. A new EU-wide cap for 2013 and other measures to facilitate increased auctioning of allowances are essential to ensure that the EU Emission Trading Scheme can contribute effectively to the achievement of the 30% reduction target. A strong Energy Taxation Directive to create the impetus for change throughout Europe, and to address competitiveness concerns of Member States throughout the EU, should be agreed upon and implemented as soon as possible.

Green Budget Europe hereby calls for the EU Commission to decide in favour of the EU making a binding commitment to a domestic reduction target of 30% of GHG emissions by 2020.

The Steering Committee of GBE, a Europe-wide platform of experts on Environmental Fiscal Reform, is looking forward to contributing to the further development of policies to achieve these reductions. Please do not hesitate to contact us in this capacity.

Yours sincerely,

The Green Budget Europe Steering Committee

Prof. Frank Convery, IRE
Prof. Dr. Paul Ekins, GBR
Stephanie Favre, FRA
Dr. Anselm Görres, President, GER
Miroslav Hájek, CZE
Gabi Hildesheimer, SUI
John Hontelez, EEB
Eero Yrjö-Koskinen, FIN

Valdur Lahtvee, EST
Sylvie Lefranc, FRA
András Lukács, HUN
Aldo Ravazzi Douvan, ITA
Klemens Riegler, AUT
Kai Schlegelmilch, GER
Prof. Thomas Sterner, SWE
Prof. Jon Strand, USA

Copies:
José Manuel Barroso
Catherine Ashton
Viviane Reding
Connie Hedegaard
Günther H. Oettinger
Janez Potočnik
Algirdas Šemeta
Joaquín Almunia
Siim Kallas

Neelie Kroes
Antonio Tajani
Maroš Šefčovič
Olli Rehn
Andris Piebalgs
Michael Barnier
Androulla Vassiliou
Karel De Gucht
John Dalli

Máire Geoghegan-Quinn
Janusz Lewandowski
Maria Damanaki
Kristalina Georgieva
Johannes Hahn
Ștefan Füle
László Andor
Cecilia Malmström
Dacian Cioloş