

GreenBudgetEurope

European expert platform on environmental taxation and green fiscal reform

ACTIVITY REPORT OF GREEN BUDGET EUROPE 2010

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1. Introduction

There are many useful roles for a European platform for Market Based Instruments (MBI), in promoting debate and political progress both on the international and EU level and within the member states. They go far beyond just creating a network and a platform for exchange of ideas and information, and may lead towards a think tank on all MBI policy issues and, within limits, also to a strong media and campaign (support) capacity.

The launching conference for Green Budget Europe (GBE) took place on September 25th 2008 in Brussels. The conference, entitled “MBIs for the Environment – Prospects for Progress in the EU” focussed on dismantling Environmentally Harmful Subsidies and the EU Energy Tax Directive. Since then, the organisation has organised two annual conferences in 2009 and 2010, in London and Budapest respectively and will organise an annual conference in Copenhagen in 2011 together with the Danish Ecological Council. All conferences have made clear that GBE is a growing project and a growing network of experts who share fundamental convictions and that there is a large body of both theoretical and practical knowledge of EFR.

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2. GBE-Events in 2010

"International Symposium on Green Fiscal Reform as a Contributor to Budget Consolidation in the European Union"

15th - 16th December 2010, Brussels, BELGIUM,

The "International Symposium on growth and green tax shifting in an era of fiscal consolidation", initiated by Secretary of State for Finance and Environmental Taxation Bernard Clerfayt representing the Belgian EU Presidency in cooperation with Green Budget Europe on 15-16 December revealed the tremendous potential green taxation and reform of environmentally harmful subsidies to cut state deficits.

Many members of GBE contributed or participated, including Jean-Philippe Barde (FR), Jacqueline Cottrell (UK), Anselm Görres (DE), John Hontelez (EEB), András Lukács (HU), Yannis Paleokrasas (GR), Aldo Ravazzi Douvan (IT) and Eero Yrjö-Koskinen (FIN). A GBE Steering Committee meeting was also held prior to the symposium.

The symposium was well-attended, with over 250 registered participants. Discussions revealed widespread agreement from all speakers that subsidy reform and environmental taxation had considerable, underestimated, potential to contribute to fiscal consolidation measures. Particularly interesting was original research from OECD, which found a negative correlation between the amount of fiscal consolidation required and revenues from taxes on energy and other pollutants. OECD figures showed that those countries with the highest deficits also have the greatest potential to increase environmental taxation without suffering negative competitiveness effects.

GBE hopes in the aftermath of the symposium to be able to set up two additional country delegations in the Netherlands and Belgium.

The Forum EU-LAC

10th-11th November, Berlin, GERMANY

GBE and its parent organisation, Green Budget Germany, were partners of this event, alongside the European Commission. GBE provided support for the organisers in finding speakers for the event and was represented at the event by GBE President Dr. Anselm Görres and others. The topic of the event was fiscal policy and an environmentally sustainable economy in the context of climate change. As a follow-up to this event, GBE President Anselm Görres is travelling to Ecuador, South America, in March 2011 to attend the Cumbre Internacional del Medio Ambiente.

The 11th Global Conference on Environmental Taxation

3rd – 5th November 2010, Bangkok, THAILAND

The 11th GCET provided an international and interdisciplinary forum to explore issues involved in designing and implementing environmental taxes. The conference was not intended to advance any particular environmental agenda on an advocacy basis, but rather to advance knowledge, understanding, and debate. Prior to the conference, Jacqueline Cottrell and Kai Schlegelmilch at-

tended a workshop organised by the Poverty-Environment Initiative of UNDP and UNEP and the implementing organisation GIZ (German International Cooperation) called „Fostering the Green Economy – Exchange of Asian Experiences in Implementing Environmental Fiscal Reform“.

UN ESCAP Brainstorming meeting “East Asia Low Carbon Green Growth Roadmap”

6th November 2011, Bangkok, THAILAND

GBE jointly hosted two sessions on the East Asia low carbon green growth plan with UN ESCAP (the United Nations Economic and Social Committee for Asia and the Pacific) during the 11th GCET (see above for more information on the event). GBE President Dr. Anselm Görres, Vice President Kai Schlegelmilch, Steering Committee member Aldo Ravazzi, and GBE project manager Jacqueline Cottrell contributed to a brainstorming workshop to discuss EFR in the context of the East Asia low-carbon green growth plan. Furthermore, Jacqueline Cottrell and Kai Schlegelmilch also carried out an EFR-training, initiated and paid for by the GIZ, for staff from the Thai Ministry for Natural Resources and Environment (MONRE). A teaser was also given to staff at the Thai Ministry of Finance. Further meetings took place at the Stockholm Environment Institute, involving Bangkok University and NGOs.

GS-UNEP Conference - Increasing the Momentum of Fossil-Fuel Subsidy Reform: Developments and Opportunities

14th – 15th October 2010, Geneva, SWITZERLAND

In the last 12 months, the reform of fossil-fuel subsidies has been high on international agendas: the G-20 and APEC have committed to phase out inefficient fossil-fuel subsidies and the ‘Friends of Fossil-Fuel Subsidy Reform’ group of countries was established, to encourage and support the G-20 initiative.

The event featured representatives from international organizations such as the OECD, UNEP, World Bank, WTO and OPEC, as well as international fora such as G-20, APEC and the Friends group of countries that support reforming fossil-fuel subsidies, who shared and reviewed their perspectives and activities. It discussed not only the scale and impacts of consumer and producer subsidies, but especially focused on international developments, reform strategies and opportunities for enhanced international cooperation.

Jacqueline Cottrell – GBE project manager – attended as a speaker and contributed some of the most important lessons learned at the GBE annual conference in Budapest, which held a lively afternoon session discussing communication strategies for EFR. Her presentation was entitled the **“Communication of Environmental Harmful Subsidies”**.

GBE Annual Conference: Removing Environmentally Harmful Subsidies: Possibilities and Benefits

8th - 9th July 2010, Andrassy University, Budapest, HUNGARY

The 2010 Green Budget Europe Annual Conference took place at the Andrassy University in the centre of Budapest and was organised together with the Clean Air Action Group, the President of which, András Lukács, is also a GBE Steering Committee member. The main topics discussed

were the removal of environmentally harmful subsidies and communicating environmental fiscal reform. The conference was a great success. The event took place in the run-up to the Hungarian EU Presidency, and we were delighted when government representatives announced plans to re-examine and reform EHS within the country during the conference. Regrettably, we also learned during the conference that the European Commission has put plans to publish a roadmap for the reform of EHS on hold. Since this time, GBE and the EEB have been corresponding with the Commission on this issue and have been campaigning with other organisations to overturn the issue.

The conference was well attended, including the following GBE members: Mikael Skou Andersen (DK) Jacqueline Cottrell (UK), Josef Eichler (AT)¹, Anselm Görres (DE), Miroslav Hajek (CZ), Adam Helebrant (CZ), Gabi Hildesheimer (CH), John Hontelez (EEB), Damian Ludewig (DE), András Lukács (HU), Catherine Pearce (EEB), Maryvonne Phantarangsi (FR)², Kai Schlegelmilch (DE), and Aldo Ravazzi Douvan (IT).

As at the last GBE annual conference, the EEB held a meeting of its Working Group on EFR back-to-back with the conference itself. Approaches to EU policy were discussed at the meeting and it was decided to push the Commission on the subsidy roadmap, to request a meeting with President Barroso to discuss the EU 2020 strategy, and to campaign for the phase-out of coal mining subsidies.

“Environmental Taxation“ Indirect Tax Forum, London

16th June 2010, Waldorf Hilton, London, GREAT BRITAIN

This event was organised by the International Tax Review, an online resource for all news and developments on indirect taxation, particularly targeted towards a corporate audience. For this reason, this was a new audience for GBE and also an opportunity to reach new members, who had perhaps not previously heard of the organisation.

GBE project manager, Jacqueline Cottrell, spoke in a session discussing the revision of the Energy Tax Directive. The objective of the session was to make participants aware of possible developments in the future and to host a lively discussion of the Commission proposal first published in 2009. Participants included Alexander Wiedow, Director of Indirect Taxation and Tax Administration at DG TAXUD, European Commission, Jacqueline Cottrell of GBE, Thomas Keller of Danfoss and Kristian Koktvedgaard of Business Europe. Jacqueline’s presentation was entitled: “On the way to a green new deal? Environmental Taxation in the European Union” and explored trends in the EU moving towards EFR and analysed the Commission proposal for the revision of the Energy Tax Directive.

¹ Representing Klemens Riegler of the Eco-Social Forum, Austria.

² Representing Stéphanie Favre of the French Ministry of Sustainable Development.

3. Other Activities

Meeting of GBE representatives and the DNR executive committee (German League for Nature and Environment) with EU Commissioners Potočnik and Oettinger.

4th – 5th October 2010, Brussels, BELGIUM

As representative of Green Budget Europe Vice President Kai Schlegelmilch handed over a GBE position paper opposing the extension of coal subsidies beyond 2012 to EU Energy Commissioner Günther Oettinger.

On Monday, 4th October 2010 EU Environment Commissioner Janez Potočnik held an extensive conversation with the delegation of the German League for Nature and Environment of which Green Budget Europe was a part.

Meeting with Commissioner Šemeta and Elena Scoppio

June 3rd 2010, Brussels, BELGIUM

During the meeting, GBE the following was discussed: Deficit reduction and how ETR can contribute, as the majority of EU member states are suffering from deficit problems and need new resources. GBE also pointed out that green revenues can not only be used to reduce labour costs, and thus act as a stimulus, but can also be a useful instrument to reduce deficits. GBE highlighted its opinion that political debates on government budgets should not centre mainly on the expenditure side, but also concentrate on the quality and sustainability of the revenue side. This has since become a strong focus within DG TAXUD – the quality and revenue and of tax policy more generally.

Mr. Šemeta also informed those present that he plans to establish a Tax Policy Group at EU level to improve the process and the quality of tax policy debates and also to have a “Tax and MBI Forum” as a sort of advisory board. The EEB, T&E, and GBE also expressed their strong support for this MBI Forum and have since been communicating with the Commission on the creation of this forum. The EEB, T&E and GBE also expressed their support for the Commission’s efforts for a revision of the Energy Tax Directive, while regretting that some additional steps had not at the time been taken, e.g. removal of exemptions for transport fuels for shipping and fisheries; indexation of tax rates; sufficiently high rates to ensure that the tax brought about behavioural change.

4. Policy Papers of Green Budget Europe and Consultation Responses

- ETUI Policy Brief Issue 5/2010 **“European Economic and Employment Policy Environmental fiscal reform in Europe: research, experience and best practice”**

5. Consultation Responses

- GBE's response to [EU Consultation on the roadmap for a low-carbon economy by 2050](#)
- GBE's response to the public consultation: ["Towards a new Energy Strategy for Europe 2011-2020"](#)
- GBE's contribution to ["Public Consultation on the Future EU 2020 Strategy"](#)
- GBE's response to the [European Commission's Green Paper on the Reform of the Common Fisheries Policy](#)

6. Letters to EU-Commissioners

- Letter sent by GBE country delegations to Government Representatives: ["Commission Proposal to allow operating \(closure\) State Aid to the coal industry to 2014", November 4th 2010](#)
- Letter to Commissioner Oettinger: ["Commission Proposal to allow operating \(closure\) State Aid to the coal industry to 2014", October 4th 2010](#)
- Letter to Commissioner Semeta: ["Proposal to collaborate further work on car taxation and subsidies", October 1st 2010](#)
- Letter to Commissioner Potocnik: ["Call for the Commission to produce a roadmap on the reform of Environmentally Harmful Subsidies", October 1st 2010](#)
- Letter to Commissioner Semeta: ["Call for formation of High Level Forum on Mobilisation of Market-Based Instruments for Environment" June 30th, 2010](#)
- Open Letter to European Commission President José Manuel Barroso from the Coalition for Sustainable EU Funds: ["Reforming the budget, changing Europe' what's next?", June 18th 2010](#)
- Letter to Commissioners, José Manuel Barroso, Catherine Ashton, Viviane Reding, 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, Štefan Füle, László Andor, Cecilia Malmström and Dacian Cioloș: ["The EU must make a binding commitment to reduce GHG emissions by 30% by 2020", May 10th 2010](#)
- Letter to European Commissioners, José Manuel Barroso, Connie Hedegaard, Günther H. Oettinger, Janez Potocnik and Algirdas Gediminas Semeta: ["Importance of an ambitious Energy Taxation Directive" February 8th, 2010.](#)

7. Summary – and looking forward to 2011

2010 was a very successful year for Green Budget Europe. Although Green Budget Europe is a rather young project, we have already succeeded in disseminating our expert knowledge about EFR to a wide audience. Each conference or event we organise or attend has increased the size of our network, and we are receiving an increasing number of invitations to speak at very different kinds of conferences, such as the Indirect Tax Forum or the European Trade Unions Initiative annual conference in 2011. DG TAXUD is cooperating with GBE to organise a workshop on company car taxation (which will take place in February 2011) in response to letters sent to the Commission requesting that the reform process be pursued. This is an important issue, as the enormous volume of exemptions and reductions in company car taxation and the likely harmful economic, social and environmental effects of such subsidies is a largely unknown issue amongst the general public as well as decision-makers.

But not only on European level was GBE able to give input to the policy process. The GBE discussion platform was also influential globally, not least at the UN ESCAP brainstorming meeting to look at the East Asia Low Carbon Roadmap, or at the 11th Global Conference on Environmental Taxation (GCET), where the main topic was how can eco-fiscal instruments contribute to stop climate change.

8. ANNEXES

Annex A. Goals and Means of Green Budget Europe

The primary objective of Green Budget Europe is to enable the European Member States and so the European Union as a whole to fulfill their climate targets and to ensure that average global temperatures do not increase by more than 2°C. To this, end we are aiming for

- the cooperative development of new concepts of economic instruments in environmental policy with our European partners
- the evaluation of existing and already implemented instruments
- the improvement of existing instruments in environmental policy
- and the active dissemination and circulation of those concepts within the EU Member States and on the European and global level. This will include the organisation of conferences, the issue of policy papers and the publication of our work in the media and in the internet.

We focus on market based instruments for environmental policy, which serve to incentivise higher energy efficiency and the reduction of CO₂-emissions in all relevant Kyoto-Sectors (Annex A). These instruments are primarily energy taxation, ecological fees and charges, as well as emission trading, but also heavy vehicle charging and many other measures that create market incentives.

Another important element would be the removal of environmentally harmful subsidies, as well as positive subsidies, for instance to renewable energies. In addition, the review of the EU budget should be thus influenced that climate and environment issues are really adequately reflected. This is especially important for all European measures concerning the financial crisis.

Green Budget Europe, which serves as a competence centre in relation to economic instruments in environmental policy in the European Union, does **more than draft policy papers** to make sure that there will a be visible impact. We organise conferences, workshops and other events, meetings with EU Presidencies and EU Commissioners, contribute to EU consultations and hearings, and lobby the Commission and also EU Member States on policy issues. In this way we establish optimal ways of action, propose the reform of existing legislation and promote the implementation of EFR and support the work of our members in different Member States.

A realistic roadmap for GBE

Stages and Steps		Before	2008	2009	2010	After
1	Building network	Grown with colleagues+ friends over the years!	"First trading period" Grow members, include business world			"Second trading period"
	Shared basic ideas + goals		Internal evolution of more precise GBE-positions			
2	Infrastructure and funding		Sharing office with GBG, small financial commitment for all		Own office in BXL?	
	Defining roles and membership		"Start simple, complications will follow automatically" (Franz Fischler)			
	Regular meets and events		Kick-off BRX	Annually 1-2 EU-wide conferences, 1 meeting SteeCom		
3	GBE position papers for EU			Energy tax dir	From reactive to proactive agenda	
	Aiding activities in MS				Aiding MS debates, regional GB groups...	
	Extended activities				To be defined later	

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Green Budget Europe - Launching – Exhibit 30

The long term result of these activities will be to advance innovative consumption and production patterns in all relevant sectors of European economy and society. These objectives relate directly to the objectives of the 6th EU-Environmental Action Plan and the new Europe 2020 strategy.

Annex B. Structure of Green Budget Europe

The structure of GBE consists of different roles held by committed individuals. Every Member contributes according to their personal preferences and competencies. Individuals do not only represent themselves, but indirectly organisations or institutions which they are associated with. But they work with GBE as independent personalities in the sense that they are not delegates chosen and sent by an organisation but responsible individuals with their own convictions and activities.

„Patrons“ (VIPs) are prominent people and multipliers, that can open doors and support us, but are not expected to cooperate on a day-to-day basis. They represent GBE in their institutions and in the public of their country. We hope to identify one VIP per country.

„Active Members“ (AMs) are renowned MBI experts, that will fulfil a part of the organisational and strategic tasks of GBE. We expect a close cooperation between all AMs. They are our most important partners in every country. There will be 1 to 3 AMs per country.

The **„Steering Committee“ (SteeCom)** is a subset of the active members. It is defined as the leading body of GBE, in which decisions will be made. It should encompass not more than 15 persons from eastern and western Europe, women and men, from bigger and smaller countries.

The **„Council of Experts“ (ConEx)** will be constituted by further experts. They will be the intellectual base of GBE in European Countries and beyond. They could also be recommended as conference speakers for non-GBE-events or as MBI-Consultants.

The **„Office“ (Off)** is the GBE working-level and for the time being identical with the GBG-Team.

Other potential partners and contacts will be organized in the „Circle of Friends“ (Friends). They receive priority information and, among other purposes, allow the affiliation of individuals from institutions that do not permit more active cooperation. This applies mostly to civil servants and other officials.

„Sponsors“ are persons or institutions who contribute financially to GBE. The role of a sponsor can be combined with any other role listed above. The sponsors do not form an own body.

For practical ease, we have established an **„Anchorperson“ for each country „delegation“**, responsible for coordination and liaising within the delegation, so for operative purposes, the office will only have to deal with one person.