

# GreenBudgetEurope

European expert platform on environmental taxation and green fiscal reform

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## A Green Budget initiative for East Asia: A window of opportunity to green the region

Dr. Anselm Görres, Kai Schlegelmilch, and Jacqueline Cottrell,  
Green Budget Europe

### Introduction

The time seems ripe for a more organized debate on Environmental Fiscal Reform (EFR) or Green Budget Reform in Asia, or at least East Asia. The concept of a loose network of EFR-experts, as exemplified in the European context by Green Budget Europe (GBE), is very probably transferable to the East Asian region. The region is enjoying a considerable dynamic in favour of EFR and green growth at the present time, to which an initiative such as “Green Budget Asia” could contribute to in a positive way and benefit from. The founders of Green Budget Europe have gained a great deal of expertise while setting up and operating GBE and could both support and contribute in terms of advice and knowledge of best practice to the creation of a similar project in Asia.

### 1. Green Budget Europe – quite a success story

Green Budget Europe (GBE) brings together representatives of business, international organisations, ministries, NGOs, political decision-makers, the research community and civil society to protect climate and environment. It is a loosely formed network, operates as a project of the Berlin-based NGO Green Budget Germany, and consists of an expert platform on environmental fiscal reform (EFR) and a central coordinating team from the NGO itself. Thus, GBE is extremely unbureaucratic. In spite of the relatively large number of experts involved, its structure enables quick decision-making and quick responses to political developments throughout Europe.

GBE was launched in 2008 and is already well-known in Brussels and many European member states. EU Directorate Generals and their respective Commissioners, as well as EU Member State governments, have been willing to work with GBE on a number of projects and meetings. This includes meetings with EU Presidencies in the Czech Republic, Spain, Hungary, Poland and Denmark, as well as a meeting in Lisbon to investigate the potential for EFR to contribute to fiscal consolidation.

GBE has attended meetings with key decision-makers in the EU, including Commissioners Šemeta (TAXUD), Potočník (Environment), and Oettinger (Energy). These Commissioners and also Commissioner Hedegaard (Climate Action) have participated at GBE events. GBE has also worked with

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the Commission to host a workshop on company car taxation and environmentally harmful subsidies, and we hope to bring out a joint publication to investigate disseminate information to a wider audience

In three years, GBE has succeeded in bringing together experts from many different fields to compare and contrast their experiences with EFR on a regular basis. GBE membership is on the increase and includes prominent NGOs in many EU countries and GBE events host participants from the majority of EU Member States. Knowledge of developments in neighbouring countries can help governments gain support for EFR measures and disseminate knowledge of best practice.

## 2. Growing importance of Green Budget Reform in the Asian context

Recovery packages in Asia revealed the commitment of South Korea (81% investment in green recovery measures) and China (38% of total recovery package) to a green economy and green growth (HSBC 2009). Many Asian countries have recently implemented EFR or will do so soon. In India, EFR measures include a green tax on vehicles over 15 years old. China is set to pilot an emission trading scheme before 2015. South Korea has pronounced a policy of Green Growth and is in the process of drafting a cap and trade scheme for carbon emissions, which if passed will be implemented in 2015. Vietnam has introduced wide-ranging legislation to introduce green taxation in a number of fields, including energy and road transport. Thailand has passed a framework law permitting the widespread implementation of market-based measures and within the country, there is considerable support for the wider implementation of market-based instruments. Bhutan has also experimented with plastic bag tax and other environmental fiscal measures. Widespread interest on the part of many Asian countries in the joint GIZ and UNDP/UNEP Poverty-Environment Initiative workshop on environmental fiscal reform that took place in Bangkok in November 2010, as well as the work of UN ESCAP on the East Asia low-carbon green growth roadmap, reflect an increasing interest in greening the economy in Asia by means of fiscal instruments.

It is clear that the situation in the region is a dynamic one, which would benefit from increased networking and interaction between governments, experts and advisors, as well as the involvement of a broader civil society network to bring the topic of environmental fiscal reform and market-based instruments to a wider audience. Creating something along the lines of GBE would use this dynamic to facilitate the exchange of information and best practice, and increase momentum for reform in the region. Such a network would create an environment within which experts from different countries could learn from one another and compare and contrast their experiences of implementing or designing EFR instruments. Even the knowledge that other countries in the region are pursuing EFR policies as well can help to facilitate the implementation of EFR and could enhance openness to such policies throughout the region.

This certainly merits further investigation, but at first glance it seems that the experiences and methods of GBE are transferable to the Asian context. In both Europe and Asia, there is a similar and growing interest in EFR and the concept of green growth. There are also already a number of projects, international organisations and governments interested in the topic which could be brought together quite easily to create a network of experts and multipliers.

An Asian Green Budget initiative would have less chances to address an existing multinational entity like the EU, since there is no Asian Union. Asia's countries are far more heterogeneous than European countries, whether you look at languages, religions, cultures or economies. On the other hand, this seems to make it even more worthwhile, if not necessary and urgent, to provide platforms for mutual exchange within the region. After all, Green Budget measures are complex and difficult to implement. In every country involved in these efforts, the people who work about this subject form a very small group. Like in Europe, both the community of experts and the public de-

bate of the countries engaged with Green Budget Reform could profit greatly from a regular platform for exchange of ideas, experiences, and opinions.

### 3. First ideas for setting up ‘Green Budget Asia’ (or South-East Asia)

Setting up a platform would require planning and forethought and would need either an existing organisation to take the lead, or would entail the creation of a new organisation, which would of course increase the bureaucratic effort required. At least for the starting phase, a Green Budget Forum for Asia could be organized as an extension or project within Green Budget Europe, using the existing structures of GBE in much the same way as GBE uses the structures of Green Budget Germany. A clear advantage of the GBE model is that, although it is very independent, it runs as a project of a larger organisation and thus did not require a great deal of bureaucracy to get started.

In addition to the creation of a project or entity to achieve the network’s goals, a “Green Budget Asia” platform would involve drawing up a number of aims and objectives for the network and agreement on the network’s basic goals and principles.

A lead organisation or a group of leading experts to drive on the process will be necessary to facilitate setting up such a network. Bringing together experts in the region informally, via e-mail in the first instance, could canvas different opinions on the potential of such a network to facilitate the implementation of EFR in the region and also give those leading the process the opportunity to test the water. Following this more informal first phase, the most advisable second step would probably be the organisation of a larger conference or meeting.

As a short term objective, it would be desirable to organize annual conferences on a regional level, preferably with revolving host countries. Probably in the starting phase, the regional focus should be East and South-East Asia rather than the entire continent.

#### Sources

HSBC (2009), A climate for recovery – the colour of stimulus goes green.

South Korean cap and trade scheme, accessed on 28.04.2011:

<http://www.businessgreen.com/bg/analysis/2044996/ultimate-guide-south-koreas-cap-trade-scheme>

For more information on the Green Budget Europe project, please see:

<http://www.foes.de/internationales/green-budget-europe/ueber-gbe/>

[http://www.foes.de/pdf/GBE\\_Project\\_Description.pdf](http://www.foes.de/pdf/GBE_Project_Description.pdf)