About Green Budget Europe ................................................................. 3
GBE projects ....................................................................................... 4
GBE hosted events in 2012 ..................................................................... 6
Relations to institutions of the European Union ..................................... 9
GBE Publications .................................................................................. 10
Summary and outlook to 2013 ............................................................... 12
Structure of Green Budget Europe ....................................................... 13
About Green Budget Europe

Green Budget Europe (GBE) is a Europe-wide expert platform which works to promote dialogue and deliver progress on Environmental Fiscal Reform (EFR) and on Market Based Instruments (MBI) internationally, at EU level, and in individual European states.

GBE is a continuously growing network of key experts from business, international organisations, ministries, political decision-makers, the research community and civil society, united in their support of applying EFR more frequently and with more tenacity in European countries and beyond.

Our focus encompasses all Market-Based Instruments relating to environmental policy, including environmental taxation, reform of environmentally harmful subsidies, emissions trading, green public procurement, border tax adjustments, environmental fees and charges, heavy vehicle charges, deposit-refund schemes, promotion of renewable energy, and many other measures.

GBE focuses on MBIs to support a sustainable recovery and a green economy. Much of GBE’s current work highlights the significant contribution environmental taxation and subsidy reform can make to fiscal consolidation, arguing that measures relating to the financial crisis should take sustainability criteria into account.

GBE was founded in 2008 and is currently run as a project hosted by the Berlin-based German NGO Forum Ökologisch-Soziale Marktwirtschaft (FÖS) / Green Budget Germany.

Aims and objectives

Sir Nicholas Stern has called climate change “the greatest market failure that the world has ever seen”. This market failure derives from polluters not covering the cost of pollution – and as long as this continues, the market will work against the environment, not in its favour. As a policy instrument, Environmental Fiscal Reform sets out to rectify this market failure and make polluters pay.

GBE campaigns for an EU budget, national and regional budgets and fiscal policies that take climate, environment and sustainability issues into account and supports partner organisations in their campaigns to improve European, national and regional budgeting and spending.

The primary objective of GBE is to secure the fulfilment of EU climate targets, and to work hard 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, innovative environmental fiscal instruments with our partners,
- the evaluation and continuous improvement of existing instruments in environmental policy,
- and the active dissemination and circulation of the advantages and benefits of EFR instruments and lobby work to support their implementation. To this end, GBE hosts conferences, lobbies decision-makers, publishes media articles, research reports, policy papers and book chapters, and disseminates the results of its work in the media and on the internet.

The long term result of these activities will be to advance innovative and sustainable consumption and production patterns in all relevant sectors of European economy and society via prices that tell the economic, environmental and social truth. These objectives relate directly to the objectives of the 7th EU-Environmental Action Programme and the Europe 2020 Strategy.
New GBE Brussels Office established – to be ahead of the game when the political debate starts

The year 2012 already started with a change, as Kai Schlegelmilch took a temporary leave of absence from his post as GBE/GBG Vice-President to lead GBE contributions to the CETRE project. At the same time, Constanze Adolf joined the GBE team to work on the CETRE project, while Jacqueline Cottrell remained in her role as GBE Project Manager.

As the European Union’s policies have become ever more important to EFR policies operating across borders, GBE set up a new GBE Brussels Office in June 2012, headed by Constanze Adolf as Director. This brings GBE closer to key decision makers at the head of the EU and facilitates more in-depth and influential lobby activities, such as campaigning on backloading in the EU ETS, or the Energy Tax Directive, and created an ever-growing network of like-minded partners in Brussels.

---

CETRE – Carbon and Energy Tax Reform in Europe: Pricing carbon to reduce Europe’s fiscal deficits

Highly policy relevant, innovative research and thorough outreach

Against the background of the on-going economic and fiscal crisis and the urgent need to identify new sources of revenue for budget consolidation, the 11 months of the CETRE project’s analysis, outreach and advocacy have revealed the huge potential for EFR to be integrated within fiscal consolidation packages and implemented more broadly in many countries in Europe.

CETRE engaged in an ongoing dialogue with policy makers at the highest level, including Finance Ministers, stakeholders from industry and civil society, research institutes and the media, supplying them with evidence-based policy recommendations and strong arguments in favour of carbon pricing and smart taxation.

CETRE is a partnership between the European Climate Foundation and Green Budget Europe in association with Vivid Economics.

GBE ensured the successful presentation and outreach of Vivid Economics’ research, establishing 34 meetings and workshops at the highest level of governments, in the European Commission and with key stakeholders, as well as gathering further intelligence to refine the project strategy.

The aim of the project was to contribute to a change in the current course of fiscal policy in France, Spain, Poland, Hungary, UK, Slovenia and Germany and at EU level, and towards more ambitious carbon pricing mechanisms across Europe, bringing about significant reductions in greenhouse gas emissions and a shift towards sustainable fiscal consolidation within a low-carbon economy.
The report’s innovative approach compared the impact of carbon-energy tax, other indirect and direct taxes, revealing that carbon pricing measures might raise significant revenues while having a less detrimental macro-economic impact than other tax options. Similar results were found for a reform of the EU Emissions Trading System to include a tighter cap and higher rates of auctioning.

The project gained significant attention beyond the initially targeted audience, including two op-eds in the Financial Times Germany and Le Monde. All 34 events were well attended and participants came back to GBE with further questions or invitations to present the study in other contexts. EU Commissioner Šemeta expressed his support for the CETRiE project after a presentation made by the GBE team.

**CETRiE high level meetings and workshops – an overview**

**Market-Based Instruments Forum**

*18 June 2012, Brussels, European Commission*

The European Commission invited GBE to present the CETRiE project during its annual “Market-Based Instruments Forum” and expressed its full support for its findings.

Following a presentation of the study, the report’s analysis and recommendations were discussed with 45 high-level potential partners and senior political opinion formers from DG Taxud and DG Environment and experts from national finance and environment ministries, representing the majority of EU Member States.

**Pricing Carbon – Tackling the Deficit and Enabling Growth?**

*6 July 2012, Berlin, Germany*

Seminar organised by German institute for economic research (DIW) on behalf of TU Berlin, PIK, SWP, Ecologic Institute, the Institute for Applied Ecology, and CPI.

DIW invited the CETRiE team to present the VIVID study in the context of a series of high-level discussions. Participants, mainly from science and research backgrounds, discussed the question as to whether and how sector-specific policies on energy and climate can help to loosen the gridlock in current European negotiations on austerity versus stimulus measures.

**Environmental Fiscal Reform as key for the green economy in the EU**

*10 July 2012, Brussels, European Parliament*

Every month, MEP Ulrike Rodust invites a group of selected women in order to discuss recent policies or new developments. Constanze Adolf presented the CETRiE project and discussed the democratic legitimacy of EU tax policy. There was a consensus that the current austerity policies inhibit the transition towards a green economy.

**European Central Bank workshop**

*13 September 2012, Frankfurt, Germany*

Around 30 participants took part in this seminar at the ECB. The findings from the CETRiE report were well received and discussed intensively. This is important, because the ECB plays a crucial role in preventing crisis and pushing for fiscal and economic reforms.
Environmental Fiscal Reforms for Budget Consolidation

20 September 2012, Ljubljana, Slovenia

GBE organised, with Umanotera, GBE’s national partner in Slovenia, a high-level workshop in September 2012 and a series of meetings and press / TV interviews. Key stakeholder from the Ministry of Finance and Agriculture, civil society and trade unions discussed opportunities of EFR.

RE-COMMUNICATE: Communication Strategies for Renewable Energy

November 2012, Brussels, Belgium

As a consortium of three organisations, Green Budget Germany / Europe, the International Institute for Sustainable Development (IISD) and the renewables communication consultancy Collings and Monney started work on a project for the International Energy Agency’s Renewable Energy Technology Deployment (IEA-RETD) in 2012. The project produced a scoping study looking at successful communication strategies for renewable energies and included two expert workshops in Brussels to contribute to, discuss and evaluate the project’s findings.

First RE-COMMUNICATE workshop: "Communications Strategies for Renewable Energy: Experiences, perspectives and principles"

29 November 2012, Brussels, Belgium

IEA-RETD and partners Green Budget Germany, IISD and Collings and Monney organised this well-attended workshop. It focused on the challenges for developing successful communication strategies for the renewable energy sector through a series of presentations and interactive sessions.

It brought together experts in communication and renewable energy from governmental and non-governmental organisations to deliver insight into communication theory, share experiences from selected RETD countries and create a network of RE communication experts. A central aim was to identify examples of good or bad practice for further enquiry and input to the 2013 IEA-RETD Re-Communicate scoping study.

GBE hosted events in 2012
Meet • Debate • Learn?

Parliamentary Evening and NGO Workshops on the EU Energy Tax Directive

19 – 20 March 2012, Berlin, Germany

After having met separately with the mineral oil industry association, the Ministry of Finance, and the Ministry of Environment, the focus of the Parliamentary evening on 19 March 2012, with 29 participants from politics (including several MPs), industry and NGOs focussed on the fiscal, environmental and social benefits of the EU Energy Tax Directive (ETD) for Germany. Together with the German MP Rüdiger Kruse from the governing Christian Democrats, GBE hosted the event and attracted prominent speakers: Hans Larsen, the Danish Presidency’s chief negotiator on energy taxation, Rolf Diemer, Head of Unit at DG TAXUD (on energy and environmental taxation), and Magnus Nilsson, senior campaigner at Transport & Environment.

Following this event, a parliamentary hearing was organised in June 2012 by one of the participating MPs. GBE was invited to deliver crucial arguments to undermine opponents of the ETD revi-
Green Budget Europe Activity Report 2012

sion i.a. the German car industry. It was the first time in four years that the ETD had been discussed at the German Parliament.

The ETD NGO Workshop “Tax what you burn – not what you earn!” on 20 March 2012 gathered key players to provide an overview of the current state of play in the ETD negotiations and to develop strategies to influence the German government and the campaign on broader EU level.

**Rio +20 Summit: UN Conference on Sustainable Development**

13 – 22 June 2012, Rio de Janeiro, Brazil

The increasingly international nature of GBE was reflected in our involvement as an officially affiliated NGO at the Rio +20 Summit. GBE hosted 2 side-events at the summit entitled "Windows of Opportunity for Environmental Fiscal Reform (EFR) - The time to act is now!" and "Environmental Fiscal Reform (EFR) - The key to achieving a green economy". Both events were organised in cooperation with a number of partners including the Federal Environment Agency (UBA), the GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Forum on Environment and Development, European Environmental Bureau (EEB), Global Subsidies Initiative (GSI).

In the run-up to Rio, GBE was also involved in campaigns supporting a declaration in favour of the phase-out of fossil fuel subsidies, run by the Green Economy Coalition, and worked in partnership with the European Environment Agency to make a series of video interviews on visions of a green economy for distribution on the internet in the run-up to Rio.

**GBE Annual Conference: Green taxation as key for sustainable fiscal reform - The French context and European perspectives**

29 – 30 October 2012, Paris, France

The political momentum in France in favour of Environmental Fiscal Reform and very positive feedback from various stakeholders after the presentations inspired GBE to organise the 2012 Annual Conference together with the French Think Tank IDDRI in Paris.

The event brought together around 120 high-level policy makers, representatives of international organisations and EU institutions, the research community, industry and civil society to discuss opportunities for reform in France and in Europe.

Le Monde and the International Tax Review published articles of the conference.

GBE was contacted by a senior advisor at the Ministry of Finance on the current tax reform and send information after the conference. GBE is following this up.

**Other activities**


4 – 6 September 2012, Krynica, Poland

Every year, the Economic Forum in Krynica brings together high-level participants from more than 60 countries, with the aim to create dialogue and develop cooperation among European countries and their partners.
GBE was invited to contribute at the panel debate entitled: “Is the European Strategy of Countering Climatic Changes in the World Reasonable?” Other panellists were Zach Goldsmith, Member of House of Commons; Johannes Cornelis van Baalen, Member of the European Parliament; Alexander Vasilenko, Member of the Russian Duma.

The panel debate gained significant attention in a very dense agenda of the conference. The three-day event with around 1500 participants from all over the world was a good opportunity for networking and exchange on EFR of mainly eastern European countries.

**13th Global Conference on Environmental Taxation: Barriers, Opportunities, and the Potential for Inducing Technological Innovation**

*20 – 22 September 2012, Vancouver, Canada*

This interdisciplinary annual conference brings together academics and policy makers from all over the world to discuss the latest developments in environmental taxation and related issues. Jacqueline Cottrell presented the findings of the CETRiE and contributed the first chapter of *Market-Based Instruments: National Experiences in Environmental Sustainability*, volume XIII of the *Critical Issues in Environmental Taxation* series, which will be published in 2013.

**Energy and environmental taxation**

*25 September 2012, Bilbao, Spain*

This event was organised by Orkestra, a public-private partnership associated to Deusto University and supported by the Basque Government, the provincial government of Guipúzcoa, and industry.

GBE presented the CETRiE project alongside speakers from the OECD, France, Ireland and Spain. Considerable potential for the implementation of carbon-energy taxation in the autonomous regions of Spain, such as the Basque country, was identified.

**UNEP / IMF / GIZ Workshop: Fiscal policies towards an inclusive green economy**

*3 - 4 October 2012, Geneva, Switzerland*

This UNEP-IMF-GIZ workshop brought together representatives from both finance and environment ministries from all over the world to share and discuss their experiences and best practices for driving a green economy through fiscal policy reforms. Leading experts on the topic contributed to the discussion by providing technical knowledge on various fiscal measures. Jacqueline Cottrell was invited to speak about carbon taxation and subsequently contributed to a webinar on EFR for a green economy. Concluding with an interactive discussion among participants, the workshop also encouraged an exchange of best practices among countries, to enhance stronger cooperation between finance and environment ministries, and identify knowledge gaps for future research.
GBE team meets EU Commissioner Algirdas Šemeta

23 March 2012, Berlin, Germany

Green Budget Germany (GBG) awarded EU-Commissioner Algirdas Šemeta with the Adam-Smith-Prize for Environmental Economic Policy in Berlin. After the Awards ceremony, Green Budget Europe presented its work to the Commissioner and discussed the opportunities for Market-Based-Instruments for fiscal consolidation in the EU Member States and presented first results of the CETRIE study on CO₂ and Energy Tax reforms in selected EU Member States.

Energy Tax Directive

The Commission published a proposal for the revision of the Energy Tax Directive in 2011. Since this time, GBE has been promoting the adoption of a revision. Ahead of the Ecofin-meeting in December 2012, GBE, together with Transport & Environment and the European Environmental Bureau, sent an open letter to all EU Finance Ministers calling for more ambitious tax minima, particularly on diesel.

GBE and the EEB also sent a joint statement on the European Parliament’s vote. A further meeting took place with Commissioner Oettinger (Energy) who also expressed his interest in the CETRIE findings and supports the EU Commission proposal on the ETD.

The European Semester

GBE discussed the added value of the CETRIE report for the European Semester process with Peer Ritter, Paulus Arnoldus, Members of Cabinet for Olli Rehn (Economic and Monetary Affairs) and Elena Scoppio, Member of Cabinet of Algirdas Šemeta (Taxation and Costums Union, Audit and Anti-Fraud). All have since been in touch with GBE for more information.

7th Environmental Action Programme

GBE discussed the opportunities for Environmental Fiscal Reform as part of the 7th Environmental Action Programme with Matjaz Malgaj, Deputy Head of Cabinet for Janez Potočnik (DG Environment) and with several Members of the European Parliament. Alongside a contribution to the public consultation, GBE submitted a joint position paper with 23 German environmental NGOs, with GBE developing proposals for “greening the budget”.

Preparation meetings of EU Council Presidencies

GBE is regularly involved in meetings where EU Member States present the programme for their European Presidency. At high level, we can have the possibility to draw attention to the chances of Environmental Taxation Reform and can convince sceptics.
Policy and position papers

04/2012 – 7th Environmental Action Programme - Contribution by German Environmental NGOs

Green Budget Europe drafted a common position paper together with 23 German NGOs, calling for clear targets and milestones for the implementation of green taxation, spending and subsidy reform in the EU annual budget, the multiannual financial framework and at Member State level.

04/2012 – European Parliament should agree to energy taxation

During the European Parliament’s vote on the revision of the Energy Tax Directive on 19 April, GBG called for a phase out of tank tourism and environmentally harmful subsidies in Europe.

04/2012 – Quick fix but no long-term vision from the European Parliament on the Energy Tax Directive


06/2012 – Environmental Fiscal Reform (EFR): The key to achieving a green economy

GBE position paper, stating our demands and expectations for the Rio+20 summit in June 2012.

11/2012 – Why Germany needs an ambitious Revision of the Energy Tax Directive

A statement (in German) by Constanze Adolf, Director of Green Budget Europe’s Brussels Office.

Letters to EU decision makers

13 April 2012: GBE and the "Green 10" called on Members of the European Parliament to put an end to tank tourism and phase out environmental harmful subsidies.

18 April 2012: For the European Parliament's vote on the revision of the ETD, GBG wrote to German MEPs calling for a phase out of environmentally harmful subsidies and tank tourism in the EU.

14 May 2012: Cut the deficit, cut carbon - the win-win of smart energy taxes, to European Finance Ministers.

15 June 2012: Revision of the Energy Tax Directive, to the EU Finance Ministers, sent by GBE in cooperation with Transport & Environment and the European Environmental Bureau (EEB).

13 September 2012: Ahead of the important Environmental Conference on 14 and 15 September 2012, organised by the new French Government to consult key stakeholders on the "ecological transition" that France shall take, the CETRIE team sent a letter to the French Ministers, emphasising the substantial role that Environmental Fiscal reforms should play in this process (in French).
15 October 2012: EU-ETS - Backloading allowances is a very first step, to Commissioner Hedegaard.

13 December 2012: On the revision of the Energy Tax Directive to the EU Finance Ministers, jointly sent by GBE and other organisations.

Responses to EU consultations

05/2012: 7th EU Environmental Action Programme

10/2012: Review of the Auction Time Profile for the EU Emissions Trading System

Publications

Carbon taxation and fiscal consolidation: the potential of carbon pricing to reduce Europe's fiscal deficits

Report, Executive Summary and other language versions of the Carbon and Energy Tax Reform in Europe (CETRIE) project report that shows merits of smarter taxes for economic recovery.

Ecological Tax Reform in Europe and Central Asia

Summary and outlook to 2013

Following the opening of our Brussels office, GBE has become well-known in Brussels and in most European Member States. EU Directorate Generals and EU Commissioners, as well as Member State governments, have been willing to work with GBE on projects, workshops and meetings. In 2012, GBE really made an impact in the press for the first time, with arguments, opinions and events regularly appearing in the press (see above for details and links).

The CETRIE report in particular, commissioned by GBE and the European Climate Foundation, has been very widely read by policy-makers and has been influential in shaping policy debate in several countries. The annual conference in Paris, France established strong links with NGOs lobbying on the introduction of a carbon-energy tax in France.

GBE attended meetings with key decision-makers in the EU, including Commissioner Šemeta (TAXUD) and Oettinger (Energy). Throughout the year, GBE brought together numerous experts from many different fields to compare and contrast their experiences with EFR. GBE membership is still growing and every event we host or attend increases the size of the GBE network. We are now receiving more invitations than ever before to speak at conferences, to contribute to webinars and participate in parliamentary hearings, and our requests for one-to-one meetings are also becoming more successful, reflecting a growing interest in the work we do.

We hope to build on this success, in Europe and beyond it, in 2013. We would like to work more on communications, and not only in relation to renewable energy, and to look beyond the EU to concentrate more on development cooperation. We are also hoping to launch a second phase of the CETRIE project, highlighting the importance of choosing taxes cleverly in times of fiscal uncertainty. Our new office in Brussels gives us numerous opportunities to increase our influence on EU policy and we look forward to becoming ever more impactful as time goes on. For GBE, in 2013, the only way is up!
Structure of Green Budget Europe

GBE functions as a membership organisation, but runs as a project of the German NGO Forum-Ökologisch-Soziale Marktwirtschaft. Nonetheless, GBE has the character of an international expert platform and **country delegations** pay an annual contribution of €5,000 towards the day-to-day running of GBE.

Delegations can be made up of a number of different organisations, or one organisation. Members of delegations may be ministries (Environment Ministries in France and the Czech Republic), NGOs or other Civil Society organisations (EEB, T&E), business associations (Öbu), think tanks (FÖS), foundations (Pusch) or university departments (e.g. University College London).

Current members include: Austria, Denmark, Finland, Germany, Greece, Hungary, Italy, Switzerland, and the UK. The umbrella NGO organisations EEB and T&E have **organisational membership** of GBE.

The **GBE Steering Committee** is the leading body of GBE, in which decisions are made. It encompasses up to 15 people from all over Europe, women and men, from larger and smaller countries.

The **Advisory board** are prominent people and multipliers, who can open doors and support GBE, but are not expected to cooperate on a day-to-day basis. They represent GBE in their institutions and in the public eye in their country.

**Active Members** are renowned experts in Environmental Fiscal Reform, who fulfil a part of the organisational and strategic tasks of GBE. We aim to have 1-3 active members in each European country.

The **GBE team** in Brussels represents GBE at the working-level.

GBE also works with a very large network of organisations and experts, who both give and receive priority information about EFR and cooperate with GBE on a day-to-day basis.