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GreenBudgetEurope

European Newsletter on Environmental Fiscal Reform

Founders:

www.foes.de www.eeb.org www.ecocouncil.dk www.levego.hu/ www.oegut.at

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Hubert Weiger, head of Germany's association for environment and nature protection, Bund, December 2010

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Nicolas Hulot, French ecologist, the Journal du Dimanche, December 2010

1. EDITORIAL

Dear readers and friends of Green Budget Germany,

Last December was not only about Christmas decorations and shopping, it was the month of the Copenhagen climate conference – or "Hopenhagen" as many said before, now they rather call it "Flopenhagen". The conference has been keeping us busy here. One fruit of our work you will see when you just keep reading. Green Budget Germany proudly presents: a **"Copenhagen Special"**! It is the fifth chapter in this issue, giving some basic information but also discussing topics that have not been all over media. You will get a good overview about the different viewpoints, plans and reactions.

There are also other ways we have been active regarding the conference. We sent information about us and Environmental Fiscal Reform to be available for the visitors of the conference. Prior to the conference we also sent letters to the world leaders to remind them about green taxes and green fiscal reform as an effective way to implement the possible outcomes of the summit. GBG was delighted to hear the UK Prime Minister and the French President proposing green taxes to finance help to developing countries. The global financial transaction tax, the so called Tobin tax, was not the only thing those men were talking about (see Chapter 5).

For us in GBG this December also stood for taking steps for getting a wider basis to support our aims. **GBG invited the representatives of German trade unions and many environmental organisations to discuss Environmental Fiscal Reform**. The debate was intense and it pointed out the differences in the viewpoints but also showed us that the groups are interested in cooperation and there is strong faith that a common declaration will be possible in the future. We keep on working on this.

Green Budget Europe (GBE) has been active as well. **Together with EEB, GBE organised a seminar on environmental fiscal reform in post-Lisbon EU**. The seminar was held in Madrid in November. This meeting followed up on GBE's declared aim of organizing events prior to each EU Presidency. Speakers included GBE Steering Committee member Yannis Paleocrassas and Jacqueline Cottrell from the GBE office. Many additional GBE members also made contributions, including John Hontelez and Aldo Ravazzi Douvan. A further event in Spain may be organized early next year.

Of course GBE has been present on the 10th GCET in Lisbon in September. Vice-Spokesman Kai Schlegelmilch gave several presentations. Several Steering Committee members, e.g. Aldo Ravazzi Douvan, Paul Ekins, and András Lukács gave presentations and contributed to panel discussions. GBE was thus substantially present and demonstrated that it is a major institution oriented towards policy action, though also providing valuable scientific insights.

Unfortunately the GCET conference website was taken offline, including all papers etc., the day after the conference, so that almost no information remains available. However, single papers and presentations can be requested from the authors.

One of our activities has been taking part in EU consultations. In November we contributed to the EU consultation about the new Common Fishery Policy and in January we will take part in the consultations about the EU 2020 strategy, the successor of the Lisbon strategy. In this issue you will find a press release of EEB, one of our European partners, and an interesting interview on this topic. At this point we would like to refer to EurActive (http://www.euractiv.com/en/HomePage), a website reporting about and analysing the happenings in the EU from a community perspective. We warmly recommend!

The developments related to Environmental Fiscal Reform in other countries has always been interesting for us. You can read about them in this newsletter, both in EU member states and worldwide. Ireland has decided to introduce a carbon tax, France had already decided to do it, when just before the end of 2009, the French Constitutional Court skipped this plan and dismissed particularly the many exemptions. In Denmark the government wants to start taxing unhealthy food – we say: why not tax environmentally harmful food?! Fortunately there may be synergies and overlappings.

Researching and conducting studies and policy papers have kept us busy also in the past months. A policy paper commissioned by Heinrich Böll Stiftung will be published in January. The paper will summarise our main goals, it will make a proposition about a sustainable way out of the crisis by using Environmental Fiscal Reform and Market-Based Instruments. We are also working, commissioned by Greenpeace, on a study about subsidies for coal mining in Germany.

Otherwise we have been packing and unpacking; the GBG moved in November to a bigger office, our new address is Schwedenstraße 15a, 13357 Berlin. From January 10th, 2009 on, we will have a new telephone number: 0049(0)30 762 3991 30

This year many things will happen; the next GBG conference will be held in April, for example. We hope you had a productive and exciting year 2009 and relaxing holidays. The whole GBG and GBE crew wishes you all the best for this new decade and pleasant reading moments with Green Budget News!

Your GBG Editorial Staff

2. GREEN BUDGET REFORM IN EUROPEAN MEMBER STATES

Paradoxical Privileges in Traffic Sector: German railway provider hopes for a change

[Saija Kononen, Green Budget Germany, Wednesday, 2 December 2009] Air traffic still enjoys tax privileges in Europe, at the same time, in many coutries, railway traffic is disadvantaged. German national railway company Deutsche Bahn (DB) hopes the new federal government to see the paradox. Equal treatment is one precondition for effective climate protection.

Passengers travelling from Berlin to Munich and back save each time 50 euros due to the exemption from oil (or kerosene) tax and ecotax. Air traffic is not affected by emissions trading at all, whereas railway traffic has to tolerate higher electricity prices. There are high indirect subsidies for travelling by an airplane in Europe and in Germany. The passengers flying to visit some nice towns in countries nearby – Vienna, Zurich, Brussels – get still another tax abatement: they are travelling – unlike if they took an express train or a night train – VAT free. The unequal treatment of air and railway traffic distorts competition. It starkly discriminates against railway traffic.

In traffic sector the CO_2 emission rates keep rising, nevertheless there are only a few sound linkage mechanisms to encourage energy saving and reduction of emissions. In this case, as a matter of fact, it is the total opposite: the particularly climate friendly way of travelling is suffering and at the same time the most harmful way is subsidised. It is impossible for a railway company to bear up against the so called low-budget airlines like Ryanair which underpin their image by saying that they give the taxes back to their passengers.

"If you want to get the passengers on the rails, you will have to create circumstances where both means of transport have similar taxation", says Joachim Fried, competition representative of DB, in *mobil* (10/09). "In 2008 DB paid almost twice as much charges and taxes for energy as in 1998. In comparison with other European countries, railway traffic has the highest, way above others, energy tax in Germany", notices Hans Jürgen Witschke, head of Energy department of DB . Actually, in France, Belgium, Switzerland and many other countries travelling by train is totally exempted from taxes. In Germany DB pays 1,14 cents per kilowatt hour.

The intended expansion of emissions trading scheme could make the competition situation even worse for DB. According to a new prognosis of the Centre for European Economic Research (ZEW) the costs of the emissions trading could almost triple to 300 mio. by 2013. The ZEW-study points out that the higher costs could lead to decrease in market share of railway traffic and foil the ultimate goal of emissions trading: If person and goods transportation shift from rails in the air or on the highways, CO_2 emissions threatens to rise. That is why Rüdiger Grube, Head of DB, announced in *mobil*: "We are going to push changes in Brussels and Berlin with persistency and patience". The simplest and the environmentally soundest solution would be to abolish the subsidies for air traffic.

Kai Schlegelmilch – The Eco-Tax Man or the "Öko-Steuermann"

[Peter Ehrlich, "Financial Times Deutschland", 09.12.2009] Kai Schlegelmilch was one of those who developed the eco-tax in Germany. Now, he is exporting the concept to the rest of the world. The man from the Federal Environment Ministry has already nearly talked the Chinese into it and is currently working on getting the Vietnamese on track.

In a few weeks, when the heads of China's Communist Party get together to decide on the next five-year-plan for the People's Republic, things will hot up for Kai Schlegelmilch. Hardly anyone in Berlin is waiting for the results with as much expectation as this man. If all goes well for Schlegelmilch, the Chinese government will introduce a CO_2-tax in their Five-Year-Plan for 2011 on. This would mean an eco-tax for the biggest polluters on earth – and the blueprint for it was written by an ordinary desk officer in the German Environment Ministry. This is because Schlegelmilch has been the international coordinator of the working group on economic instruments for energy efficiency and environment, also comprising environmental taxation, in the 'China Council for International Cooperation on Environment and Development – CCICED' (www.cciced.net) for the past two years. The project was financed by the German implementing agency, German Technical Cooperation GmbH (GTZ, www.gtz.de).

The Council is influential in China. Ever since its founding 17 years ago, the majority of its recommendations has been put into practice. In mid-November, the Council argued in favour of a CO_2 tax, and now the Berliner's proposal is lying on prime minister Wen Jiabao's desk.

The proposal is still up for debate in China, but Schlegelmilch has already planted a seed of an idea in the next big Asian country. Last week, he accompanied the Vietnamese Vice Finance Minister Do Hoang Anh Tuan on a ten-day trip around Europe, visiting the finance and environment ministries. Vietnam is planning taxes on energy intensive products, detergent, cigarettes and kerosene. It may seem opportunist, but Schlegelmilch is not being used by finance ministers worldwide to find untapped sources of taxation. But, he is convinced: Taxes should provide a framework for the free market economy – a framework which protects the environment. "Taxes are a market based instrument and in many cases more effective than command and control", he says.

Schlegelmilch became aware of the interdependence between taxes and environmental protection while studying political economy in Frankfurt/Main. In his thesis in 1993, he proved that the economic policies of many OECD states actively encourage environmentally damaging behaviour, rather than preventing it. Schlegelmilch continued working on these concepts at the Wuppertal Institute for Climate, Environment and Energy and as guest researcher at the new European Environment Agency in Copenhagen. His boss is the social democratic environmentalist politician and Ecotax supporter, Ernst Ulrich von Weizsäcker.

Even in the conservative camp, resistance weakened as time went by. By the mid 90s, even the Christian Democrats become enthusiastic about eco-tax. The former leader of the CDU/CSU parliamentary group, Wolfgang Schäuble, called on his parliamentary executive director, Hans-Peter Repnik, to work out an eco-tax concept which promised many dividends: higher taxes on exploitation of the environment should make lower social security contributions possible, thus reducing labour costs. The plan failed mainly because of the Bavarian CSU and its former group leader Michael Glos.

Once the red-green coalition took over in 1998, the time had come for eco-tax pioneers. Schlegelmilch's boss von Weizsäcker became elected Member of Parliament in the Bundestag and took Schlegelmilch to Berlin with him. The young expert soon switched to the Ministry for the Environment, Nature Conservation and Nuclear Safety (www.bmu.de). There he worked on environmental tax reform and on EU energy taxation during the German EU Council Presidency. At that time it was easy to find support in politics. Federal Government even dared to promote the eco-tax in Germany with slogans like "more green energy, more sex" (http://www.bmu.de/oekologische_finanzreform/doc/6880.php), even though the tax increase on electricity, gas and petrol was not very popular. Schlegelmilch kept on working, caring more about substance than climbing the career ladder. During his time working in China, he worked only part-time for the Ministry. Status symbols of success are not his world. His office in a 'plattenbau' (building made of precast concrete slabs) at Alexanderplatz is tiny; the floor is littered with piles of papers and dossiers. The view from the window reveals a huge construction site.

Schlegelmilch has found his calling. He also campaigns for eco-taxes in an environmental NGO – as a vice chairman of Forum Ökologisch-Soziale Marktwirtschaft (FÖS)/ Green Budget Germany). When he leaves his office to go to the FÖS, he dutifully shows his timecard and checks out of the building. 15 minutes by underground and he is standing in the NGO's new office in Berlin-Wedding. The name of the NGO used to be 'Förderverein Ökologische Steuerreform' [Association for an ecological tax reform] and started as little more than an extension of the Wuppertal Institute. Schlegelmilch wrote many parts of the first memorandum. "It really got started four or five years ago" says the 44-year-old. In the meantime, the organisation has found sponsors and members from business and has become self-financing, as staff in the four-room office e.g. offer their expertise to other NGOs.

What drives a man to occupy himself with the same topic day in, day out – both professionally and in his spare time, unpaid and often late in the evening? Schlegelmilch made his decision early. After his bank apprenticeship and military service he became an environmentalist. "As a banker I would work eight hours a day for one thing and in my spare time for the opposite. I decided I would rather be on the right side for twelve hours." Schlegelmilch is a convinced 'green' but not a 'leftie'. He did not want to break with his Christian-liberal family even when he was studying. In the village where he grew up, Bad Vilbel, northeast of Frankfurt/Main, he joined the Ecological Democratic Party ÖDP and not Joschka Fischer's Green Party.

Schlegelmilch also lives as sustainably as possible. His low-energy wooden house in Rahnsdorf, south-east of Berlin, where he lives with his wife and two children, uses rain water for the toilets and generates its own electricity from a 1.7 kilowatt photovoltaic on the roof. The used car he took over from his parents back in the 80s was his first – and his last. Today, he takes the train as much as possible. “He knows European sleeper connections by heart”, says FÖS President Anselm Görres, half joking, half in admiration. He takes the train as far as Madrid: for him, flying is unavoidable only when he goes to Asia.

“The ambassador of German environmental policy”, Görres calls him, who works as a management consultant in Munich; sometimes also “eco tax Google” because of his encyclopaedic knowledge. On top of this, Schlegelmilch can rely on a worldwide network. According to Görres: “There are only few countries in the world where he cannot name three to six people working on themes like eco-tax”.

In the meantime, his network not only covers tax experts. For more than two years, Schlegelmilch has been active in the Ministerial division dealing with wind energy and electricity networks. He was in Chile this summer, in a country, which would have plentifully renewable energy if adequate networks were available. “They just created a post for an energy minister”, says Schlegelmilch delighted. The new leader of the department, Marcelo Tokman, used to be the leader of the Energy Commission with which Schlegelmilch has cooperated for years. “The upgrading is a great success, also for us, supporters from Germany”, he says. Tokman is also now a member of the network: In July, the Chilean minister and the German eco-tax expert met for the first time face-to-face at a conference in the capital of Chile, Santiago.

While politicians talk about the export of environmental technology, it is Schlegelmilch who makes sure that legislation in other countries makes those technologies attractive. He hopes that the debate will now start again in Germany. After all, in the 90s the new finance minister Schäuble was interested in the ecological impacts of taxation. Gerhard Schröder, the chancellor responsible for the introduction of the eco-tax, was sceptical when implementing the reform. At the end of October, Schlegelmilch accidentally met the former chancellor in a hotel bar in Wuhan, China, and introduced himself as one of the co-authors of the law. It was a good thing after all, says Schröder today. Then, they drank a toast together, in the middle of China, to the German eco-tax.

"Ambassador of German environmental policy": Eco-tax expert Kai Schlegelmilch on the roof of the company Evergreen Solar in Berlin
FTD/Marc-Steffen Unger

Published in German in the “Financial Times Deutschland” on 09.12.2009 in: *http://www.ftd.de/unternehmen/industrie/:green-minds-kai-schlegelmilch-der-oeko-steuermann/50048452.html*. The article was translated by GBG (www.foes.de).

Dutch first in Europe to adopt green tax for cars

[Saija Kononen, Green Budget Germany, Tuesday 17 November 2009] The Dutch government is to become the first country in Europe to introduce a green tax for cars. This will replace annual road tax. This means that motorists will start to pay for using their vehicle rather than for owning it. The goal is to eliminate the chronic traffic jam on the streets of the small country and reduce carbon emissions at the same time.

Drivers will have to pay per kilometre driven. The Global Positioning Systems (GPS) devices installed in cars will track the time, hour and place each car moves and send the data to a billing agency. According to the proposed law, the information will not be stored, due to data-protection concerns.

"The revenue generated will not exceed that from the 'old' taxes. In fact, 59% of motorists are expected to pay less under the new system" the government announced.

When the plan takes effect in 2012, new car prices could fall by as much as 25 per cent with the abolition of purchase and road taxes. Instead, an average passenger car will pay €.03 per kilometre, with higher charges levied during rush-hour and for travelling on congested roads. The rate for passenger cars will continue to depend on CO_2 emissions. The tax will increase every year until 2018, when it will cost an average 6.7 cents per kilometre to drive in Holland. The rate can be adjusted if it fails to change driving habits in the country, the Dutch Transport Ministry said.

The Ministry also said trucks, commercial vehicles and bigger cars emitting more carbon dioxide will be assessed at a higher rate.

The Dutch government expects the number of cars on the roads to decrease by 15 percent, as more people would switch to public transport and cycling. With less traffic and perhaps fewer stressed drivers, fatal accidents should fall 7 percent.

The system could be used as a test case for other countries weighing options for easing crowded roads. Singapore has a similar scheme for charging according to the amount of travel and some big cities have created congestion charges to control traffic in downtown areas.

http://www.government.nl/News/Press_releases_and_news_items/2009/November/Kilometre_charge_for_road_users

Ireland adopts carbon tax for non-ETS sectors

[ENDS Europe, Thursday 10 December 2009] The Irish parliament has approved a carbon tax for sectors not covered by the EU's emissions trading scheme (ETS), starting at €15 per tonne. The tax was one of several measures proposed by the government as part of its 2010 budget.

The CO_2 will apply to transport fuels from Thursday [10 Dec]. Petrol and diesel prices will increase by €0.042 and €0.049 per litre respectively as a result. The price of coal will increase by €1.79 per 40kg. There are no exemptions except for ETS sectors.

The tax will also apply to non-transport fuels (kerosene, marketed gas oil, fuel oil, LPG and natural gas) from May, pending parliament approval in January. The implementation deadline for solid fuels such as coal has not yet been decided.

The tax is expected to yield €330m annually, well below the €500m revenue estimated by a tax commission report in September. It will cost households an extra €2-3 per week. Green group Friends of the Earth welcomed the tax but said it should be higher.

The budget announcement also included an extension of existing tax breaks for electric cars and a car scrappage scheme of €1,500 for vehicles over 10 years old. It also included plans for a campaign to improve energy efficiency in homes.

Ireland: Carbon tax backed to lead to employment opportunities

[Sunday Business Post, Nicola Cooke, Sunday 13 December 2009] The green technology sector was given a boost by a budget which would, according to Green Party energy minister Eamon Ryan, result in ”thousands of jobs”.

Unlike most departments, Communications, Energy and Natural Resources received a €5 million increase on last year’s estimates, to take total funding (capital and current) to €517million. Sustain-able energy programmes are the key priority, for which €98 million will be made available. Half of this funding will be derived from the new carbon tax.

The national energy efficiency retrofit programme will be funded to the tune of €50 million. It will generate work for those in the construction sector who install new energy saving technologies and materials.

Another €45 million will also be provided for communications infrastructure, like the completion of the national broadband scheme.

The Green Enterprise Group and the Knowledge Society Taskforce identified a total of 110,000 jobs that could be created over the next decade if the government’s strategy of a low-carbon, high-tech economy was implemented.

Almost €13million will be spent on energy research next year, with a further €50 million ring fen-ced for the national insulation programme, and €36 million on the re-fitting of low-income housing.

Ryan said the forecast €330 million generated from the carbon budget, would be used to boost en-ergy efficiency and support rural transport.

“The investment and the jobs of tomorrow will be low carbon and high-tech. The increase in my department’s allocation will go directly into providing thousands of jobs for Irish people. We will make homes warmer and provide employment for the construction sector as we insulate over a mil-lion homes and every public building,” said Ryan.

“Every euro this department spends will be focused on jobs for our people in the growing areas of the green and digital economies.”

However, the Irish Dairy Industry Association (IDIA) said the tax would undermine the competi-tiveness of exporters, and “give advantage to imported food products and place jobs at risk in the food sector”.

“The tax will increase costs at all stages of food production,” said IDIA director Michael Barry. “The farmer will pay a carbon tax on fuel used in producing the food; the transportation of raw ma-terials will be taxed; food processing will be subject to a carbon tax and packaging, storage and dis-tribution will be taxed,” he said.
http://www.sbpost.ie/newsfeatures/carbon-tax-backed-to-lead-to-employment-opportunities-46204.html

Comment on Irish CO_2 Tax: Carbon tax can promote green economy

[Summarised by Saija Kononen from Sunday Business Post, Declan O’Neill,Published on Sunday 06 December 2009] With just three days to go to one of the most challenging budgets of recent times, the introduction of a new carbon tax is widely expected.

However, concerns still exist as to how this tax will be utilised, with calls for government to focus on establishing Ireland’s international reputation as a green economy, and not as an exercise in plugging the country’s fiscal debt.

The Commission on Taxation report recommended the introduction of a carbon tax, and specifically stated that the tax should be set at a level equal to the carbon price for emissions trading under the EU ETS (international price of emissions). However, as these prices adjust in line with demand and supply, there is a need for a floor price which can be monitored to ensure it remains effective.

Based on a floor price of €20 per tonne of carbon, initial indications suggest that the government can expect to raise between €400 million and €500 million in 2010.The Economic and Social Research Institute (ESRI) estimates that it will cost the average household between €3 and €6 a week. This breaks down as €5 extra on a bag of coal, 50 cent more for a bale of briquettes and a five cent per litre increase in petrol and diesel. [editor's note: the price was set at €15]

However, as recommended in the Commission on Taxation report, and also advocated by the ESRI, this tax should be "revenue neutral", with revenue generated ring fenced to offset other taxes or reduce costs for individuals or businesses. A recent report by Professor Paul Ekins, of University College London Energy Institute, cautioned that a carbon tax, if simply introduced as a new revenue stream, would be "anti-competitive" and a burden on industry.

France is also considering the introduction of a carbon tax in 2010, becoming the largest economy in the world to do so. Under the most recent proposal, France would charge €17 for every tonne of CO_2 emitted in 2010, which is close to the actual market value of carbon quotas and Ireland's proposed €20 rate. To date, there has been no clear indication how the revenue generated from the tax will be used.

Lessons must be learned from other European countries that have pioneered this type of tax and used the tax to encourage changes in consumer behaviour.

Finland was the first country in the world to introduce a carbon tax in 1990. The tax has increased a number of times since its inception. Official Finnish studies show that CO_2 emissions are five per cent lower than they would have been without the carbon tax. Under a tax reform programme, Sweden introduced a carbon tax in 1991 when the government reduced general energy taxes.

Sweden also provides subsidies or exemptions for energy derived from renewable or sustainable sources, and official data shows that businesses have notably shifted their energy sources from fuel oil to bio fuels.

In Denmark, a carbon tax was also adopted as part of a broader energy tax and subsidy package. While nearly 6 per cent of Danish tax revenues are made up of environmental taxes, the government also invested heavily in wind power, which created a viable alternative for companies. Britain has implemented a range of environmental taxes, including the climate change levy, a tax on commodities such as coal and gas, used by commercial customers, and the landfill tax, which taxes people and organisations when they discard waste on landfill sites.

Britain also provided a number of incentives for growth in the generation of electricity from renewable sources. The British government has set a stretch target of reducing its CO_2 emissions by 34 per cent by 2020 - a step which, purely from a 'green branding' perspective on the international stage, demonstrates ambition and long-term policymaking.

The introduction of a carbon tax can also be the springboard to place Ireland in the foreground as a location for companies and finance operations that specialise in supporting the rapidly expanding GreenTech, carbon and renewable energy industries.

The recently-revised Programme for Government estimates that 127,000 jobs could be created in the ''green and smart economies'' - figures which, in the current economic climate, cannot be ignored.

Revenue from a carbon tax should be used to support the development of the green economy. It is important to recognise that much activity is already under way in Ireland to enhance our green credentials. However, more can still be done to reap the full effects of this activity.

The Commission on Taxation recommended that the new carbon tax should be clearly visible at the point of sale to ensure that it would not be seen as just another tax and that it should have the effect of influencing individual behaviour.

We have already seen the positive effects of linking vehicle registration tax (VRT) to CO_2 emissions and providing extra business taxation relieves for vehicles with lower CO_2 emission levels. Perhaps some of the revenue generated from the carbon tax should be used to encourage further use of eco-friendly vehicles.

The Green Party has consistently said that the main purpose of the carbon tax is to change behaviour, and not to raise revenue for the government.

The main aim of environmental tax reform must be the reduction of greenhouse gas emissions, and not to improve the efficiency of the economy.

Other countries have reaped the benefits of using their carbon tax regimes to promote investment in alternative energy sources, while reducing CO_2 emissions. Let's hope that we learn from these experiences. http://www.sbpost.ie/newsfeatures/carbon-tax-can-promote-green-economy-46082.html

French minister offers CO_2 tax breaks for hauliers

[ENDS Europe Thursday 10 December 2009] French transport minister Dominique Bussereau has proposed to partially exempt road hauliers from a new carbon tax in 2010 as part of negotiations over wages. Talks with the sector's representatives were still ongoing when ENDS went to press on Thursday.

Green group France Nature Environment (FNE) said it was "dismayed" by the news. Hauliers will take a decision on the offer by Friday morning at the latest, a spokesperson from road transport federation FNTR told ENDS.

The government is proposing a 75% tax reduction in response to calls for higher wages. It would apply only to 2010 and amount to €100m. The French senate approved the CO_2 tax in November but there are many exemptions already, including for maritime transport.

*On Tuesday the French environment ministry launched a consultation on France's climate adaptation action plan. A ministerial group will be created to finalise the plan by April 2011 following a series of meetings next year. http://www.endseurope.com/22831?referrer=bulletin&DCMP=EMC-ENDS-EUROPE-DAILY

France: Ségolène Royal Tries to Score by Opposing Carbon Tax

[Saija Kononen, Green Budget Germany, Friday, 4 December 2009] The conservative president Nicolas Sarkozy will introduce a carbon tax next year. The last president candidate of the socialist party, Ségolène Royal, opposes it. The eco-tax is "ecologically inefficient" and "socially unjust", Royal argues. She does not want to have "a tax robbing the buying power of the French people". She also said she herself is "the best candidate for ecology". She thinks there are better solutions, "taxing the super profits of oil companies" for example.

With these statements Royal is bringing the party leader Martine Aubry to a difficult position. Aubry is seeking to close ranks with the Greens who are supporting Sarkozy's plans. The Greens have been criticising Royal for her comments calling them "ridiculous". Sarkozy's party is taking them seriously, though. In the time of the crisis it is difficult to sell such tax reform. In fear or social unrest Prime Minister François Fillon promised that the tax and duty burden of the private households is not going to rise due to the new tax. Either the income tax or social contributions should sink to compensate. He announced that the carbon tax will not be higher than 14 euros per tonne in the coming years. That is about the market price. He also rushed to promise that the private household are going to be exempted, which annihilates the whole idea about bringing the people to save energy. Environmental organisations criticises the U-turn of the government.

To the question why Royal wants to tackle the environmental policy of the government Frankfurter Allgemeine Zeitung finds two answers: Royal wants to get out of Aubry's shadow and she tries to get votes in her own district in the run-up to the local elections.

Austria's Finance Minister Mitterlehner: New Eco-tax will come

[Saija Kononen, Green Budget Germany, Wednesday, 9 December 2009] A new Energy strategy will be introduced in Austria in 2010 and eco tax could be one part of it. At least Austrian Finance Minister Reinhold Mitterlehner sees eco tax as one good option. In the following years Austria will have to buy CO_2 certificates because it cannot keep its emissions under Kyoto limits. The certificates are getting more and more expensive as many states have to buy them. According to press sources Austria must pay more than 1 billion euros for the certificates by the end of 2013 which is the monitoring year.

The research institute Österreichisches Institut für Wirtschaftsforschung (Wifo) calculated the prices and revenues in case of an EU-wide CO_2 tax. Were there a 30-euro-per-tonne-tax on fuels and 10 euros on heating fuels the Austrian state would get 1,5 billion revenues per year. Was a third given back to energy intensive industries, the tax would still bring 1 billion euro to the Treasury.

If Austria was to do it alone it would not be disadvantaged in competition, as long as the social security costs or income taxes were lowered. Environmental taxes form only a 5,9 percent slice in Austrian taxation – it is under the EU average (6,4 %).

http://www.nachrichten.at/nachrichten/wirtschaft/art15,296327

French carbon tax deemed illegal

[Deutsche Welle, Wednesday, 30 December 2009] France's Constitutional Council has struck down a carbon tax that was meant to take effect on January 1. The council, which is charged with ensuring the constitutionality of French legislation, said too many polluters were exempted in the measure and the tax burden was not fairly distributed.

It was estimated that 93 percent of industrial emissions, including the emissions of more than 1,000 of France's top polluting industrial sites, would be exempt from the tax, which would have charged 17 euros per ton of emitted carbon dioxide.

French President Nicolas Sarkozy has argued the tax is necessary to combat climate change and reduce the country's dependence on oil.

Observers say the council's ruling is a severe blow to both Sarkozy's environmental plan and as France's budget for 2010. The government now has to find a way to come up with about 4.1 billion euros in revenue that was expected to be generated the tax.

http://www.dw-world.de/dw/article/0,,5069767,00.html

Taxes on Unhealthy Food – Denmark Takes Action against "Muffin Tops"

[Berliner Zeitung article and comment and denmark.de, translated and compiled by Saija Kononen, Friday 11 December 2009] Too fat kids, too many overweight adults, too much cholesterol in blood. Also the Danes are more and more suffering from „wealth fatness".

With their average 76 kilograms the Danes are not only the heaviest EU citizens but with gaining 1,7 kilos in the three past years they also are the ones most gaining weight in Europe. The number of super heavyweights has doubled from 5 to 10 % in 20 years, and almost every second Dane is too fat.

Now the Government wants to get rid of the "muffin tops" by fiscal means. A 25 crone (3,30 €) tax per kilo of saturated fat should give "a stimulus for better eating habits" and therefore "make the population healthier", stand in the proposal sent to the parliament in Copenhagen. […]

The food industry does not want to digest this course of action. "It will disadvantage the sector more than it benefits the health". Taxes on unhealthy food and (non-alcohol) beverages is more of an exemption in the EU. Only five other member countries have taxes on soda and Denmark has the highest rate at 0,15 euro per litre, with the Netherlands in second place with a tax equivalent to 0,05 euro per litre. Denmark is also the only EU country that taxes candy and chocolate and the proposed saturated fat tax will be the first of its kind in Europe. Food industry branch director of Confederatin of Danish Industry, Ole Linnet Juel, is worried about the effect the tax will have on Danish retailers from next year. 'The argument to introduce the new taxes is based on health, but one could wonder if it will have the desired effect when the price difference on candy and soda in Denmark, Germany and Sweden will be even greater,' Juel told Business.dk. Juel believes more shoppers will head across the borders to stock up on purchases, reducing the competitiveness of Danish products.

Taxes on Ecologically harmful Food?

One reader of Berliner Zeitung made an interesting suggestion. This is what he wrote: "If a fat tax is possible in Denmark we should have a meat tax here [in Germany]. If you think about the harm the frenzied production of cheap meat causes for the environment – enabled through intensive mass animal farming – such taxation would be a real blessing."

http://www.denmark.dk/en/servicemenu/News/BusinessNews/SweetTax.htm

http://www.berlinonline.de/berliner-zeitung/archiv/.bin/dump.fcgi/2009/1105/politik/0052/index.html

http://www.berlinonline.de/berliner-zeitung/archiv/.bin/dump.fcgi/2009/1110/meinung/0117/index.html

3. GREEN BUDGET REFORM ON EU-LEVEL

Carbon Credit fraud causes more than 5 billion euros damage for European Taxpayer

[Europol, Wednesday 09 December 2009] The European Union (EU) Emission Trading System (ETS) has been the victim of fraudulent traders in the past 18 months. This resulted in losses of approximately 5 billion euros for several national tax revenues. It is estimated that in some countries, up to 90% of the whole market volume was caused by fraudulent activities.

Indications of suspicious trading activities were noted in late 2008, when several market platforms saw an unprecedented increase in the trade volume of European Unit Allowances (EUAs). Market volume peaked in May 2009, with several hundred million EUAs traded in e.g. in France and Denmark. At that time the market price of 1 EUA, which equals 1 ton of carbon dioxide, was around EUR 12,5.

As an immediate measure to prevent further losses France, the Netherlands, the UK and most recently Spain, have all changed their taxation rules on these transactions. After these measures were taken, the market volume in the aforementioned countries dropped by up to 90 percent.

With the support of Belgium, Denmark, France, the Netherlands, Spain and the United Kingdom Europol has set up a specific project to collect and analyse information in order to identify and disrupt the organised criminal structures behind these fraud schemes. There are reasons to believe that fraudsters might soon migrate towards the gas and electricity branches of the energy sector.

Mr. Wainwright, Director of Europol, says "These criminal activities endanger the credibility of the European Union Emission Trading System and lead to the loss of significant tax revenue for governments. Europol is using its expertise and information capabilities to help target the organised crime groups involved". Europol has therefore offered its support to the European Commission - DG Environment to safeguard the integrity of the Community Independent Transaction Log."

Background information

Missing trader intra-community fraud (MTIC) is the theft of Value Added Tax (VAT) from a government by organised crime groups who exploit the way VAT is treated within the member states of the EU.

The EU has the objective of limiting global warming to 2 degrees Celsius above pre-industrial levels, to reduce climate change and meet its obligations under the Kyoto Protocol. Each MS has granted its emitting facilities a certain amount of emission rights by means of a National Allocation Plan. These emission rights can be traded like any other commodity on the market. The transfer of greenhouse gas emission allowances is a taxable supply of services.

In Europe there are 6 trading platforms: European Climate Exchange (London, UK), Nordic Power Exchange (Oslo, Norway), European Energy Exchange (Leipzig, Germany), Energy Exchange Austria (Graz, Austria), Climex (Amsterdam, the Netherlands) and BlueNext (Paris, France) and various other market platforms such as SENDECO2, Italian Power Exchange GME and most recently Greenmarket, set up by Deutsche Bank at the Munich exchange. More than 2 billion EUAs have been allocated to 12.000 emitting facilities in the 27 MS. The EU carbon market is estimated to be worth about €90 billion a year!

The Emissions Trading Scheme (EU ETS) was created as a cap-and-trade system for transactions of European Unit Allowances. Each transfer of EUAs is recorded in a national registry before it is centrally stored in the Community Independent Transaction Log (CITL) at the EU Commission.

Carbon credit fraud is a variation on the VAT carousel fraud. The attached graphic shows how carbon credit carousel fraud works: http://www.europol.europa.eu/images/pressreleases/carbon_credit_carousel.pdf

http://www.europol.europa.eu/index.asp?page=news&news=pr091209.htm

Slovenia wins seat of energy regulators' agency

[Europolitics.info, Monday 7 December 2009] Ministers at the Energy Council, on 7 December, signed an intergovernmental agreement establishing the new Agency for the Cooperation of Energy Regulators (ACER) in Ljubljana, Slovenia. Also in the running had been Slovakia (Bratislava) and Romania (Bucharest). Slovakia, though, fell behind with 11 votes to Slovenia's 15 votes. An early decision as to the location of the agency was seen by many as an important step in effectively implementing the third legislative package on theliberalisation of energy markets.

Under Regulation 713/2009, the ACER will complement and coordinate the work of national regulatory authorities (NRAs). ACER also oversees the creation of EU electricity and gas network rules. ACER can also, under certain conditions, take binding individual decisions on terms and conditions for access and operational security for cross-border infrastructure. The agency, which is being created out of the European Regulators' Group for Electricity and Gas (ERGEG), also continues to exercise an advisory role to EU institutions. Other tasks include monitoring energy markets.

The European Commission notes that the setting up of the new agency is to be followed by the selection of buildings in the host country and recruitment of staff. The first director of ACER is expected to be appointed in the first half of 2010, noted the Commission.

ACER should be fully operational from 3 March 2011. This is also the date when the other elements in the third energy liberalisation package become applicable, such as Regulations 714/2009 on electricity and 715/2009 on gas. Directives 2009/72/EC on electricity and 2009/73/EC on gas will also have to be transposed by member states by that date.

http://europolitics.info/slovenia-wins-seat-of-energy-regulators-agency-art256919-10.html

Commission launches consultation on EU 2020: a new strategy to make the EU a smarter, greener social market

[EU Commission Press Release, Tuesday 24 November 2009] The Commission today issued a public consultation document on giving the EU economy a brighter future through the EU 2020 Strategy. EU 2020 aims to deliver greener and socially inclusive growth, as outlined by President Barroso in his Political Guidelines. The new Strategy will build on the achievements of the Lisbon Strategy, while learning its lessons. The consultation paper sets out a vision for how EU 2020 will focus on entrenching recovery from the crisis, helping to prevent a similar one in future and on three thematic objectives: creating value through knowledge; empowering people in inclusive societies; and creating a competitive, connected and greener economy. The deadline for responses to the consultation is 15 January 2010. The new Commission will then make a detailed proposal to the Spring European Council.

Commission President José Manuel Barroso said: "EU 2020 means the EU working together over the next decade to overcome some of the toughest economic challenges that Europe has ever faced. A smart economy and a wise society based on strong European values go together. Growth, sustainable public finances, tackling climate change, social inclusion, a strengthened industrial base and a vibrant services sector are not alternatives. They reinforce each other. Europe reduced unemployment from 12% to 7% in the decade to 2008. We now need new sources of growth to replace the jobs lost in the crisis. We have set out in this paper the keys that can unlock Europe's potential. At the same time, we can increase our influence in the world and on globalisation by showing our partners that the social market economy is the most efficient and the most equitable. We want stakeholders' views on our EU 2020 Strategy before presenting our proposals to the Spring European Council."

The Commission believes EU 2020 should focus on the following areas and is seeking views on how best to deliver this.

Creating value by basing growth on knowledge

Education in Europe must improve, from preschool to higher education, to increase productivity, support vulnerable groups and help fight inequality and poverty

The framework conditions for innovation and creativity can still be much improved in Europe, for example by modernising the EU's intellectual property rights system. Access to credit should be boosted, including through pooled public and private sources of growth capital.

The EU needs a European Digital Agenda to deliver a real online single market, so consumers can benefit from competitive prices offered in other Member States and SMEs can break into larger markets. Internet access and skills are becoming necessary for full participation in daily life. Achieving "digital inclusion" is a key part of overall social inclusion.

Empowering people in inclusive societies

The crisis has "changed the game". Many pre-crisis jobs have been destroyed and will not return.

Europe cannot prosper unless workers have the skills to contribute to and benefit from a knowledge-based economy. Supply and demand need to be better matched, through labour mobility across and within borders and through better anticipation of future skills needs.

The Commission is determined to advance the flexicurity agenda and to ensure it is better understood in terms not only of flexibility from employees but also of employers and governments shouldering more responsibility for investing in and protecting people. Those who cannot find a job should be supported both financially and through individualised help to regain access to the labour market.

Creating a competitive, connected and greener economy

The future will see high energy prices, carbon constraints and greater competition for resources and markets. All of these are risks but also present opportunities to create a "new" EU 2020 economy with a strong global competitive advantage. New greener technologies can stimulate growth, create new jobs and services and help the EU meet climate change goals. On the other hand, failure to adapt to the 21 st century would see Europe decline.

The policies at EU and national level to promote eco-innovation and energy-efficient products and systems should include emission trading, tax reform, subsidies and loans, public investment and procurement and targeting of research and innovation budgets.

Europe needs smarter transport infrastructures and an EU wide 'smart grid' for energy, as well as 100% broadband coverage as soon as possible. The EU and Member States should work together to make the right strategic investments to make two-thirds of electricity generation both low carbon and more secure by the early 2020s.

Manufacturing will remain critical to the EU's future economic success. But Europe needs a new industrial policy emphasising innovation capacity, new technologies, skills, fostering entrepreneurship and "internationalising" SMEs. Excess capacity in some sectors must be tackled. Those adversely affected will need to be supported.

Governance - making EU 2020 work

The Commission proposes that the European Council should steer EU 2020, making the key decisions and setting the objectives based on Commission proposals. The Commission wants the European Parliament to play a significantly greater role. National parliaments will also be invited to take a strong interest and assume ownership.

The consultation paper proposes that the 2010 Spring European Council conclusions underpin the so-called 'integrated guidelines', confirming the policy priorities which should be pursued by the EU and Member States in partnership. The new guidelines would replace those in force under the Lisbon Strategy since 2005.

For each of these objectives, Member States would be invited to set national objectives for five years corresponding to their different situations and their starting points. The Commission and the European Council will monitor progress every year in Member States and at EU level.

The deadline for responses to the consultation is 15 January. Responses can be e-mailed to EU2020@ec.europa.eu .

The full consultation document will be made available via: http://ec.europa.eu/commission_barroso/president/index_en.htm and http://ec.europa.eu/eu2020

EU Environment Council conclusions on eco-efficient economy challenge Barroso to reform Lisbon strategy

[EEB Press Release, Wednesday 21 October 2009] The European Environmental Bureau welcomed the conclusions of the Council of EU Environment Ministers on moving towards eco-efficient economies today.

These conclusions were the result of several debates the Swedish Presidency organised amongst EU Ministers for Environment, Energy Economic Affairs and Finance. The main target of the discussion was the new EU Lisbon strategy post-2010.

John Hontelez, Secretary-General EEB, said: “These Ministers have given a clear signal that the new Lisbon Strategy has to be a green one, focusing on absolute decoupling of economic growth from environmental degradation. It is now for President Barroso to pick up the challenge and propose the necessary national and EU wide measures to make it happen”.

“The priority is to promote an EU wide coordinated effort to send the right market signals to producers and consumers, through environmental tax reform, elimination of environmentally perverse subsidies and green public procurement,” added Mr Hontelez.

Read: Environmental Council Conclusions: Towards Sustainability: Eco-Efficient Economy in the context of the post-2010 Lisbon Agenda and the EU Sustainable Development Strategy: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/envir/110627.pdf

Think-tank leader: EU’s 2020 strategy ‘too short-termist’

[Summarised by Saija Kononen, from EurActiv Article, published on Tuesday 15 December 2009] The EU's 2020 strategy to build a sustainable future beyond the current economic crisis is too short-termist and fails to address the fundamental problems of the current growth model, Philippe Herzog, founder of the Confrontations Europe think-tank, told EurActiv in an interview.

Philippe Herzog is a former French MEP and the founder of the think-tank Confrontations Europe, which in December 2009 hosted a two-day conference in Brussels exploring 'investment in human capital and long-term financing'.

The idea of sustainable recovery emerged in many of the presentations at the Confrontations Europe conference. What different messages did you take from the conference on this theme? What will this look like in the years to come?

The EU is not quite ready for a sustainable recovery, because this year has been devoted to waiting for the Irish referendum, the new Commission is not in place – we have missed a year, effectively.

I hope we'll be speedy in 2010, because there's much to be done. The notion of sustainable recovery refers first and foremost to the fact that we have to build a new type of growth. In the past, growth was linked to financial bubbles and the immoderate use of leverage – it was very short-termist.

In the future, we will need a growth model based on long-term investment, be it in education, infrastructure, or the so-called 'green economy', which will entail deep changes in the way we produce and consume.

Have the measures outlined by the EU so far been the right ones – for example, the EU 2020 strategy?

I think the EU acted properly in 2008, otherwise we'd be in a much deeper recession today, but it was short-termist and Keynesian economics of the simplest type – i.e. sustaining the global demand.

Now the challenge is to change our strategy for growth, and this will require a fundamental change from the current Lisbon Strategy. I think the way the Commission is preparing the new strategy is very problematic. First of all, the public consultation period is far too short, it's almost non-sensical to try to consult people over the holiday period, between the end of November and early January. It should have started much earlier.

Secondly, I'm not very satisfied with the 'EU 2020' ideas. The markets are patchy, there are new bubbles arising, but no renewal of investment. So the next year will be very sensitive, and we would have liked a more long-term view as regards investment. Also, we expect the short-term agenda - i.e. 2010 to 2014-15 – to be a dramatic period, with questions like industrial restructuring and the social problems that will arise as a result, and we feel there should have been much more focus on this.

What about 'green tech' perspective?

When you speak of the 'green economy', of course it's one of the main drivers of the future, but this needs to be built: at the moment we don't have the skills, the infrastructure, and this is what we need. For instance, energy, transport, buildings (not only private lodgings but public buildings): these different areas require new skills and therefore investment funds devoted to their creation.

I think this will be done in the future, but it's taking far too long.

If you take as an example the restructuring of the car industry, it's not merely the development of clean or electric cars – you need infrastructure, new methods of electricity delivery, and so on. I call these types of devices 'industrial policy', and at the moment, the EU is not yet bringing together the different people required to devote themselves to the problems. If you take the car industry, everyone knows that the restructurings will be very difficult, but you don't see any public organisation pushing for these changes, and they certainly won't be implemented by the carmakers alone. At the moment, the automakers are engaged in consolidation, building new alliances, certainly not preparing for the new types of investment they need. So we are losing time.

To read the whole interview, go to http://www.euractiv.com/en/socialeurope/think-tank-leader-eu-2020-strategy-short-termist/article-188363#

4. GREEN BUDGET REFORM WORLDWIDE

Japan's Democrats opened the Policy Window for Market Based Instruments?

[Park Seung-Joon and Sven Rudolph, Wednesday 28 October 2009] As the result of the general election on August 30, 2009, Japan's long-time ruling party, the Liberal Democratic Party (LDP), went into opposition. In spite of the loyal attitude of the Japanese society toward the Kyoto Protocol, the implementation of effective market based instruments (MBI) has been in a stalemate. The carbon tax proposal of the Ministry of Environment has failed the last 5 years, and established emissions trading schemes, Japan's Voluntary Emissions Trading Scheme (J-VETS) since 2005 and Integrated Domestic Market (IDM) since 2008, have been non-obligatory and without overall absolute caps.

However, the new government may break the ice. The now ruling coalition of the Democratic Party (DPJ), Social Democratic Party (SDP) and People's New Party (PNP) has been inaugurated on October 16, 2009, holding as much as two-thirds of the Lower House seats. The new prime minister Yukio Hatoyama announced at the U.N. Climate Change Conference held on September 22, 2009, in New York that Japan will reduce its GHG emissions by 25% from 1990 level by 2020 (30% under 2005 level; c.f. the former government: -8% from 1990 level, -15% from 2005 level). It seems even more ambitious than EU's target. However, this promise is said to be conditioned by the cooperation of major emitting countries, and the use of foreign credits will be allowed. The Cabinet launched an inter-ministerial working group consisting of the National Institute for Environmental Studies and the Institute of Energy Economics in order to analyze the (positive) economic effects of this target-achievement.

The policy instruments that are considered are a cap-and-trade system, Feed-in Tariff for renewable energy, and an environmental tax. Ozawa, the new Environmental Minister said that he wants to introduce cap-and-trade in 2011 and the eco-tax within 4 years. According to the older Environmental Vision of DPJ (of December 24, 2008), the revenue of the eco-tax will be spent for development and diffusion of renewable energy and energy saving technologies. Still, concrete proposals are yet to be published, and it is still open if DPJ's proposals will pass Japan's political decision making process. The most contradictory parts of promised energy policies are the abolition of the provisional tax rate for automobile fuels (25.1 yen of 53.8 yen for gasoline tax, 17.1 yen of 32.1 yen for diesel tax; 1 Euro = 137.5 yen) and for vehicles, and the plan to make highways free of charge again.

The policy for renewable energies under the old government has been based mainly on the Renewable Portfolio Standard (RPS) system, but as the competitiveness of the domestic solar-power industry has been endangered under this scheme, a feed-in tariff system (FIT) only for photovoltaic has been introduced before the change of government. The DPJ will replace the RPS by FIT for all major renewable energies such as wind or biomass, aiming at a 10% share of renewable energy in the primary energy supply in 2020 compared to 2.2% in 2005.

The announced climate policy of the Hatoyama administration is welcomed by global leaders such as Ban Ki-Moon or Yves de Boer. Domestically, the opinion poll showed that 74% of Japan's citizens support DPJ's climate policy (Yomiuri Shinbun, September 17, 2009). Industrial Groups such as the Keidanren, the Federation of Electric Power Companies and the Japan Automobile Manufacturers Association showed an opposing position. But interestingly, there are some supporting business leaders such as Masamitsu Sakurai, the Chairman of the Association of Corporate Executives (Keizai Doyukai).

While the climate and energy policy process in the old regime was dominated by the iron triangle of bureaucrats, industry and LDP, the new government declared that it will establish options for initiatives by elected politicians. In case of success, this will be the most remarkable change in post-war Japanese politics. As long as DPJ stands firm on its proactive climate policy, there will also be a better chance for market based instruments in Japan.

Japan industry unites against carbon tax

[Reuters, Monday 7 December 2009] Japan should not consider a carbon tax as it would damage the economy which is already among the world's most energy efficient, its top industries said in a rare combined stand on the opening day of the Copenhagen climate conference.

The nine industry groupings also called for Tokyo to keep unchanged its commitment to a 25 percent cut in greenhouse gas emissions by 2020 from 1990 levels only if all major emitters agree with a comparable and effective deal to fight global warming.

“We joined hands quickly and came up with this request because visibility has been low in regard to the issue of an environment tax and the government's strategic position for (Copenhagen),” said Kosei Shindo, head of the environment and energy policy committee at the Japan Iron and Steel Federation.

The other eight groups represented companies in oil, cement, paper, chemical, gas, electric power, auto manufacturing and electronics and information technology sectors.

Later this week, the government's tax panel will compile a list of annual tax revision proposals for the next fiscal year that starts on April 1, in a move to make up for a steep fall in tax revenues caused by the faltering economy.

If introduced, an environmental tax would be the first new tax since April 1989, when Japan introduced a consumption tax. The nine groups said that they were opposing a an implementation of a new tax on fossil fuels, with the extra payments estimated at about 2 trillion yen ($22 billion) to be handed over to manufacturers and consumers.

The government has neither studied nor explained thoroughly enough why such a carbon tax is needed, how effective and fair it is and how the payments are to be used, they said.

"Taxation is one of the foundations of democracy. We're calling for comprehensive discussions," said Shindo, also Nippon Steel Corp's Executive Vice President.

"We believe CO_2 cuts are primarily achieved by innovation in technology," he said, adding an environment tax or other policy steps would be supplemental.

http://uk.reuters.com/article/idUKTOE5B609U20091207?pageNumber=2&virtualBrandChannel=0

Indonesia plans carbon tax, geothermal push

[Tom Arup, Tuesday 8 December 2009] As Australia battles over an emissions trading scheme, Indonesia is set to release its draft climate change policy, which would establish a carbon tax, set up geothermal energy projects and protect forests.

The potential carbon tax, part of Indonesia's "green paper" on climate change, would apply to the combustion of fossil fuels and start at $9 a tonne of carbon dioxide, rising 5 per cent in real terms per year until 2020.

The tax could be coupled with cuts to subsidies for coal and oil-generated power, in an attempt to promote clean energy in the one of the world's fastest-growing economies.

The climate change policy paper, commissioned by the Indonesian Finance Ministry, is set to be formally released at the Copenhagen talks.

The World Bank estimates that Indonesia is the world's third-largest emitter of greenhouse gases, mainly the result of deforestation and burning of peatlands.

Indonesia's climate change strategy proposes cutting emissions in three ways - developing geothermal power, driving energy efficiency and reducing deforestation.

ANU climate change institute deputy director Dr Frank Jotzo said Indonesia would rely heavily on selling carbon credits to developed countries to stop deforestation.

Dr Jotzo, who helped prepare the policy paper for Indonesia, said the money gained from selling offsets would be passed on to regional governments for climate change mitigation programs.

Indonesia will also develop a detailed plan to tap the country's huge geothermal potential - which represents 40 per cent of the world's hot-rock resources. The geothermal strategy is aimed at partially offsetting a 7 per cent increase in energy demand every year.

The plan includes a geothermal tariff, in which the Government subsidises the purchase of clean energy by electricity retailers.

Dr Jotzo said geothermal energy had obvious potential in Indonesia, but just 3 per cent of the resource had been tapped.

The green paper was commissioned by Indonesian Finance Minister Dr Sri Mulyani Indrawati while in Australia last year, and was written with the help of AusAID and the Australian Treasury.

Indonesian President Susilo Bambang Yudhoyono has committed the country to an emissions reduction of 26 per cent on business-as-usual levels by 2020, rising to 41 per cent if the international community commits to climate change funding for developing countries.

http://www.smh.com.au/national/indonesia-plans-carbon-tax-geothermal-push-20091207-kfcl.html

Green Paper:

http://www.fiskal.depkeu.go.id/webbkf/siaranpers/siaranpdf%5CGreen%20Paper%20Final.pdf

China: Economists: tax carbon to cut emissions

[Chen Xiaomin, Global Times, Wednesday 9 December 2009] The best market instrument China can use to cut its greenhouse gas emissions in the near future is a carbon tax, according to two reports issued by the Chinese Economists 50 forum.

The reports said the impact of global warming has exceeded previous predictions. If China's emissions peak in 2025, the country will have to reduce them 35 percent in every year after that to help keep global warming below 2 degrees Celsius by 2050.

Last year's average temperature in China was 9.6 degrees Celsius, the seventh-warmest year since 1951.

The reports said a carbon tax should be at the heart of any strategy to cut emissions and increase energy efficiency.

A carbon tax could be imposed on both the production and consumption process, with fixed tax rates, and would have substantial short- and long-term effects, the reports said.

"In (the) short run, it discourages the utilization of end-use energy in both production and final demand. In the long run, it gives firms incentives to invest on technology innovation and diffusion of no-carbon or low carbon technologies, and further reduce carbon dioxide by choosing a cleaner developing path," the report stated.

The reports said the advantages of a carbon tax include that it would be easier for the government to implement than creating a brand-new carbon emissions market; it would be a major source of government revenue; it would be more transparent and understanddable, and hence likely to enjoy broader public support; and it could be implemented with fewer opportunities for interference by various special interest groups.

Zhang Jianjun, director of the Department of Sustainable Development and Climate Change at PricewaterhouseCoopers Consulting China, echoed the sentiment.

"A carbon tax is the fairest way to get all enterprises involved in this emission reduction mission," Zhang said, adding that the tax might impact the already low profit margins of high emitters like steel mills.

Fan Gang, an adviser to China's central bank, said a carbon tax would facilitate an adjustment of China's economic structure, though it could be costly to enterprises in the short term.

"The country can lower other (requirements) on enterprises," said Fan, citing European nations that limit the social security payments businesses must make.

The reports also said that while levying a carbon tax, China could also use a cap-and-trade system, which could become the more dominant carbon pricing instrument in the future.

China vowed to cut energy consumption per unit of GDP production by 20 percent dur-ing its current 11th Five-Year Plan period (2006-2010) and declared in November that it plans to cut carbon intensity by 40-45 percent by 2020 from 2005 levels.

Report:

http://sei-intern-tional.org/?p=publications&task=view&pid=1325

G20 wastes hundreds of billions on perverse fossil fuel subsidies, says global coalition

[Ecologic Institute Press Release, November 2009] G20 governments should end their perverse fossil-fuel subsidies, which contribute directly to climate change, cost hundreds of billions of dollars each year, and create artificial barriers to sustainable development, urges to the Green Economy Coalition. Ecologic Institute is a coalition member.

Green Economy Coalition members including the International Institute for Environment and Development (IIED), Consumers International, WWF International, UNEP, IUCN, and the International Institute for Sustainable Development (IISD) are urging them to phase out these subsidies as soon as possible.

The Green Economy Coalition has written to the G20 finance ministers ahead of their meeting this weekend in Scotland (6-7 November 2009) to outline how and why to remove these harmful subsidies. The coalition stresses the need for governments to ensure that the poorest consumers are not made more vulnerable following a phase-out of subsidies.

“It is clearly invidious for governments to finance carbon reduction policies whilst simultaneously increasing fossil fuel consumption through subsidies,” says the letter. “The current annual fossil fuel subsidy bill of hundreds of billions of dollars would be better spent on health, education, renewable energy or other actions that would accelerate the transition to a green economy.”

The Green Economy Coalition says an end to subsidies would help stabilize the world climate by reducing global carbon dioxide emissions by 10%, or the equivalent of Russia and Japan’s combined total.

“These subsidies are a massive diversion of public funds that could be better spend in other ways,” says Mark Halle of IISD. “Subsidies create false impressions about the relative cost of lower-carbon energy alternatives and this is bringing us closer to irreversible climate change.”

In September, G20 leaders agreed in Pittsburgh in September to phase of these subsidies over the medium term. The Green Economy Coalition welcomes that move but calls for greater urgency in implementing the phase-out and outlines ways to ensure that a reform of subsidies will protect the welfare of the poorest.

http://ecologic.eu/3008

5. COPENHAGEN SPECIAL

Turn climate action into Apollo mission, says leading MEP

[EurActive, Monday 14 December 2009] The United States succeeded in bringing people to the moon: a dream that nobody thought would be realised. Perhaps we should think of climate protection as the new Apollo pro-

gramme, the vice-chair of the European Parliament's delegation in Copenhagen, Karl-Heinz Florenz, told EurActiv in an interview.

The centre-right German MEP was blunt in saying that rather than the climate, leaders should focus on the economy.

"We will have to overcome the inertia of past practices, we need to make sure that coming laws are not the 'paper tigers' that we had in the past," Florenz argued, stressing that today's investments will form the basis of tomorrow's growth. "It is about building a new economic model," he said.

"The economy is there," stressed the second-in-command of the European Parliament's delegation to the Copenhagen talks. "It tells us that the immense costs of tackling climate change will be matched by the enormous growth potential of the revolution in sustainable development, the revolution in energy efficiency, in energy production, in consumption and transport," he said.

Florenz indeed considers delegates should engage in talks more as they would do in trade negotiations. "The global market in low-carbon goods and services is already worth five trillion dollars and is expected to increase by another 50% over the next decade," he pointed out.

"Sustainability is key. It is not only about climate protection, but about the future of our industry. It is about jobs," the German MEP said, before noting that industrialised countries cannot curb emissions on their own: they need partners.

"Financing action on climate change is not only the responsibility of the developed world," argued Florenz, who stressed that financing climate protection cannot be part of official development aid.

"We cannot allow that our fight against climate change to divert money from the poorest," he underlined.

Describing the UN climate conference in Copenhagen as an historic moment, Florenz called for an historic decision to be taken. Citing as an example the Bretton Woods agreement, which set the system of monetary management, and the Marshall Plan that rebuilt Europe after the war, the centre-right MEP called for action.

"I often get the impression that we do not see the bottom line on the debate and lose ourselves in small details and fussy debates," he said.

Karl-Heinz Florenz was speaking to Daniela Vincenti-Mitchener. Full interview:

http://www.euractiv.com/en/climate-change/mep-climate-action-economy/article-188187

Obama's Climate Policy: on Copenhagen, Emission Target and What has happened so far

[Summarised by Saija Kononen from White House Press Release, published on Wednesday 25 November 2009] The White House announced today that President Obama will travel to Copenhagen on Dec. 9 to participate in the United Nations Climate Change Conference, where he is eager to work with the international community to drive progress toward a comprehensive and operational Copenhagen accord. The President has worked steadily on behalf of a positive outcome in Copenhagen throughout the year. Based on the President's work on climate change over the past 10 months – in the Major Economies Forum, the G20, bilateral discussions and multilateral consultations – and based on progress made in recent, constructive discussions with China and India's Leaders, the President believes it is possible to reach a meaningful agreement in Copenhagen. The President's decision to go is a sign of his continuing commitment and leadership to find a global solution to the global threat of climate change, and to lay the foundation for a new,

sustainable and prosperous clean energy future.

The White House also announced that, in the context of an overall deal in Copenhagen that includes robust mitigation contributions from China and the other emerging economies, the President is prepared to put on the table a U.S. emissions reduction target in the range of 17% below 2005 levels in 2020 and ultimately in line with final U.S. energy and climate legislation. In light of the President's goal to reduce emissions 83% by 2050, the expected pathway set forth in this pending legislation would entail a 30% reduction below 2005 levels in 2025 and a 42% reduction below 2005 in 2030. This provisional target is in line with current legislation in both chambers of Congress and demonstrates a significant contribution to a problem that the U.S. has neglected for too long. With less than two weeks to go until the beginning of the Copenhagen conference, it is essential that the countries of the world, led by the major economies, do what it takes to produce a strong, operational agreement that will both launch us on a concerted effort to combat climate change and serve as a stepping stone to a legally binding treaty. The President is working closely with Congress to pass energy and climate legislation as soon as possible.

Underscoring President Obama's commitment to American leadership on clean energy and combating climate change, the White House also announced today that a host of Cabinet secretaries and other top officials from across the Administration will travel to Copenhagen for the conference.

For the first time, the U.S. delegation will have a U.S. Center at the conference, providing a unique and interactive forum to share our story with the world. In addition to working with other countries to advance American interests, U.S. delegates will keynote a series of events highlighting actions by the Obama Administration to provide domestic and global leadership in the transition to a clean energy economy. Topics will range from energy efficiency investments and global commitments to renewables policy and clean energy jobs.

In addition to passage of the American Clean Energy and Security Act in the House of Representatives this summer, Administration officials will highlight an impressive resume of American action and accomplishments over the last 10 months, including:

Domestic Leadership

- Recovery Act: The U.S. is investing more than $80 billion in clean energy through its Recovery Act – including the largest-ever investment in renewable energy, which will double our generation of clean renewable energy like wind and solar in three years.
- Efficiency Standard for Automobiles: President Obama announced the first ever joint fuel economy/greenhouse gas emissions standards for cars and trucks in May. The new standards are projected to save 1.8 billion barrels of oil over the life of the program with a fuel economy gain averaging more than 5 percent per year and a reduction of approximately 900 million metric tons in greenhouse gas emissions.
- Advancing Comprehensive Energy Legislation: Passing comprehensive energy and climate legislation is a top priority for the Administration and significant progress has been made. In June, The U.S. House of Representatives passed the American Clean Energy and Security Act that will promote clean energy investments and lower U.S. greenhouse gas emissions more than 80 percent by 2050. The Senate continues to advance their efforts to pass comprehensive legislation and move the U.S. closer to a system of clean energy incentives that create new energy jobs, reduce our dependence on oil, and cut pollution.

- Appliance Efficiency Standards: The Obama Administration has forged more stringent energy efficiency standards for commercial and residential appliances, including microwaves, kitchen ranges, dishwashers, lightbulbs and other common appliances. This common sense approach makes improved efficiency a manufacturing requirement for the everyday appliances used in practically every home and business, resulting in a significant reduction in energy use. Altogether, about two dozen new energy efficiency standards will be completed in the next few years.
- Offshore Energy Development: Within the Administration's first 100 days, a new regulatory framework was established to facilitate the development of alternative energy projects in an economic and environmentally sound manner that allows us to tap into the vast energy potential of the Outer Continental Shelf (OCS). The National Renewable Energy Lab estimates that development of wind energy alone on the OCS may provide an additional 1,900 gigawatts of clean energy to the U.S.
- Emissions Inventory Rule: For the first time, the U.S. will catalogue greenhouse gas emissions from large emission sources – an important initial step toward measurable and transparent reductions.

International Leadership

- The Major Economies Forum (MEF): President Obama launched the MEF in March 2009, creating a new dialogue among developed and emerging economies to combat climate change and promote clean energy. At the July L'Aquila summit, MEF Leaders announced important new agreements to support the UN climate talks and launched a new Global Partnership to promote clean energy technologies.
- Eliminating Fossil Fuel Subsidies: The President spearheaded an agreement at the Pittsburgh G20 summit for all G20 nations to phase out their fossil fuel subsidies over the medium term and to work with other countries to do the same. Asia-Pacific Economic Cooperation nations followed the G20 lead at their summit in Singapore, expanding the number of countries committing to these subsidies. According to the International Energy Agency, this measure alone could reduce global greenhouse gas emissions 10 percent or more by 2050.
- Bilateral Energy and Climate Partnerships: The U.S. is accelerating its collaboration with China, India, Mexico, Canada and other key international partners to combat climate change, coordinate clean energy research and development, and support the international climate talks.
- Energy and Climate Partnership for the Americas: President Obama proposed a partnership with our neighbors in the western hemisphere to advance energy security and combat climate change. An early product of this cooperation is Chile's Renewable Energy Center, which receives technical support from the U.S. Department of Energy.
- Phasing Down HFCs (Hydrofluorocarbons): The U.S. joined Canada and Mexico in proposing to phase-down HFC emissions, a very potent greenhouse gas, in developed and developing countries under the Montreal Protocol. This represents a down payment of about 10% of the emission reductions necessary to cut global greenhouse gas emissions to half their current levels by 2050.

http://www.whitehouse.gov/the-press-office/president-attend-copenhagen-climate-talks

Obama's speech in Copenhagen: http://www.spiegel.de/wissenschaft/natur/0,1518,667966,00.html

Ahead of EU summit, Soros unveils climate finance plan

[EurActive. Friday 11 December 2009] While EU leaders are expected to agree on immediate action to provide financial support for developing countries in Brussels today (11 December), in Copenhagen billionaire investor George Soros has unveiled a plan to provide up to 150 billion dollars for poor countries to access clean technologies.

The plan was presented as negotiations intensify at the UN summit in Copenhagen on financial aid and short-term fiscal arrangement.

Developing countries are calling for significant transfer of money and technology from the industrialised world to Africa, Asia and Latin America. Rich nations have proposed 10 billion a year from 2010 to 2012 to help developing countries.

The $10 billion is "not sufficient" and the gap between what is being offered and what is needed could cause the Copenhagen climate conference to fail, Soros said yesterday (10 November).

Systems exist, all is needed is political will

About $100 billion as a one-off injection could be generated, Soros said, noting that all that is required is political will.

Underpinned by gold reserves, rich countries could double the funding available to combat climate change by donating recently-issued Special Drawing Rights (SDRs) to a new green fund.

This fund would jumpstart investment in low-carbon energy sources, reforestation efforts, rainforest protection, land use reform and adaptation programmes. "This is a win-win opportunity for developed and developing countries to work together," Soros said.

"Since the funding is available now, it can have an immediate impact." Unlike other proposals, the plan could be implemented within existing financial structures. SDRs, issued by the International Monetary Fund, essentially constitute additional foreign exchange.

In response to the global financial crisis, in September 2009 the IMF issued $283 billion in SDRs, with more than $150 billion going to the 15 biggest developed economies. This sits largely untouched in their reserve accounts, leaving a surplus that could be donated to the green fund, according to Soros' plan.

ActionAid Climate Justice Co-ordinator Tom Sharman said Soros' proposals were exciting.

"The US$200 billion a year that developing countries need to tackle climate change effectively will not just fall out of the sky. That's why innovative ways to find the cash are so important," he said.

However, there is a major stumbling block in the way of Soros' plan: getting approval to reallocate IMF funds, particularly from the United States.

The US administration faced an uphill battle to win approval in Congress for the IMF's $200 billion in new SDRs to deal with the global financial crisis, and would likely face

> *Fast Start Fund for Developing Coutries*
>
> European Union leaders agreed in December to provide at least 7.2 billion euros (10.6 billion dollars) to a three-year global fund aimed at helping poor nations deal with climate change. The "fast-start" money, which is based on voluntary contributions from the bloc's 27 member states, is to be made available as of 2010.
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> Environmental and developmet aid organisations criticised fund for too small. One problem is that the EU did not promise more money, therefore, the fund will be included in the development budget.

further hurdles in any effort to change the destination or purpose of those funds.

Other plans try to bridge political divide in Copenhagen

On top of Soros' plan, another detailed proposal was delivered recently by Project Catalyst, a joint initiative between the European Climate Foundation and the Climate Works Foundation.

The project reckons that $100bn will be needed by 2020 to finance climate change programmes in developing countries. About half could come from the growing carbon market, which would be worth an estimated $2 trillion a year by 2020.

Countries could give some of the carbon market allowances to green programmes, with other funds coming from a relatively small fee on each transaction.

Additional funding of $10 to 20 billion would come from taxes on fuels used in aviation and shipping sectors. The rest - $25-30 billion - would be provided by loans or grants from developed countries, particularly the US, the EU, Canada, Japan and Australia.

Last week, US President Barack Obama's spokesperson reportedly said that the president supported a short-term fund for climate aid and that the United States would pay "its fair share".

Project Catalyst considers that fast-start funding should be allocated as follows: a third for mitigation excluding forestry, a third for forestry and a third for adaptation, 20% of which would go for capacity building.

Another Project Catalyst report argues that a high-level climate finance board, guided by and accountable to the UN and with equal developed and developing country representation should be responsible for the integrity of the system.

Operational implementation would fall to existing multilateral institutions such as national trust funds and a new strategic fund. http://www.euractiv.com/en/climate-change/ahead-eu-summit-soros-unveils-climate-finance-plan/article-188234

Copenhagen or Bust
The time is now for an international deal on climate change

[Gordon Brown in Newsweek, September 2009] In just 11 weeks, the world will convene in Copenhagen, under the auspices of the United Nations, to forge a new international agreement on climate change. It is a historic moment: the ultimate test of global cooperation. Yet the negotiations are proceeding so slowly that a deal is in grave danger.

If we miss this opportunity, there will be no second chance sometime in the future, no later way to undo the catastrophic damage to the environment we will cause. So when world leaders gather this week, first at the United Nations in New York and then at the G20 summit in Pittsburgh, it is essential that we move toward resolving the issues that still divide our nations. As scientists spell out the mounting evidence both of the climate change already occurring and of the threat it poses in the future, we cannot allow the negotiations to run out of time simply for lack of attention. Failure would be unforgivable.

Some argue that, amid demanding economic conditions, our resolve to meet environmental commitments should weaken, that the costs are too high. In fact, the opposite is true; a strong agreement in Copenhagen is essential for global economic recovery. For that recovery depends on the investment that an agreement will unleash. The economies that embrace the green revolution earliest will reap the greatest rewards.

Initially, more-efficient consumption of energy will bring greater overall productivity, as resources once directed to meet fuel bills are released for investment. Meanwhile the need for low-carbon energy production and infrastructure, in both the developed world and the rapidly growing emerging economies, will require up to $33 trillion of investment by 2030, according to estimates from the International Energy Agency. By 2015, the global environmental sector could be worth $7 trillion and sustain tens of millions of jobs.

But perhaps the most important element of this low-carbon future is the wave of innovation that will accompany the decarbonisation drive. Some of the technologies required are fairly mature, such as onshore wind and household insulation—though even there; significant improvements are still to be made. But many others will see dramatic improvements and breakthroughs, both in performance and in cost.

This is beginning to happen already in areas such as large-scale battery design, stimulated by the acceleration of research into electric vehicles by the automotive industry. It is happening in sustainable building technologies, in new lightweight materials, in solar power, in carbon capture and storage, and in various lean manufacturing technologies. As innovations in one area feed into others, the economic potential and benefits will ripple out across the global economy.

So just as the revolution in information technologies provided a major motor of growth over the past 30 years, the transformation to low-carbon technologies will do so over the next. But it can be sustained only if governments back it—not just on a national scale, but globally. They need to act to create sufficient economic incentives and to ensure investor certainty and confidence.

This means sending clear and long-term signals about the direction of policy and shape of future demand, and market-based implementation methods to enable the private sector to respond innovatively. This has to be a genuine partnership of the public and private sectors.

That's why global agreement on a new climate-change regime in Copenhagen this December is so important. A strong deal that establishes legally binding commitments to reduce emissions will provide the confidence and certainty needed to underpin low-carbon investment. The U.N. talks are therefore not only about safeguarding the environment but also about stimulating economic demand and investment-

The U.K. government has set out our proposals for an agreement that is ambitious, effective, and fair. Ambitious in that it must put the world on a path to limiting the average global temperature rise to 2 degrees Celsius; effective by establishing market mechanisms to reduce emissions efficiently alongside a strong regime of monitoring and verification; and fair in providing help to allow developing countries to tackle climate change. In June I suggested a working figure of $100 billion per year from public and private sources by 2020.

I have been gratified by the response of many countries, both in public and in private. But we need to move now toward securing an agreement in Copenhagen. I believe it can be done. And if it is necessary to clinch the deal, I will personally go to Copenhagen to achieve it—and will be urging my fellow leaders to do so too. http://www.newsweek.com/id/215699/page/2

Brown and Sarkozy Proposing a New Tax to Finance Climate Change

[Saija Kononen, Tuesday 15 December] On Friday, 11 December, days before Copenhagen conference the EU sought chances of a fund helping developing countries to face the problems of the climate change. In the EU summit, Prime Minister Gordon Brown and President Nicolas Sarkozy gave out a joint statement. The most quoted part was definitely about the global financial transaction tax, as a new financing mechanism. The

statement also meant to serve as a positive signal for the developing countries in the run-up to Copenhagen; financial transfers from rich to poor are one of the most problematic issues in Copenhagen. This is the statement as it was published on the website of Prime Minister (highlighted by the author).

“We agreed:

To work for an ambitious deal in Copenhagen, consistent with a maximum global warming of two degrees, to which all parties contribute, and which enables the EU to reduce its emissions by 30% by 2020.

To enable immediate implementation of the Copenhagen agreement we support the establishment of a ‘fast start’ launch fund for 2010-12 which achieves $10 billion annually in 2012. A large amount of this should go to adaptation, especially in Africa, small island states and other poor and vulnerable countries. France and the UK will each contribute their fair share among the advanced economies - around €400 million euros ($600 million dollars) a year. The UK is prepared to go further and contribute up to $800 million dollars a year in the light of offers from others.

To ensure predictable and additional finance in the medium term to 2020 and beyond, we should make use of innovative financing mechanisms, such as the use of revenues from a global financial transactions tax and the reduction of aviation and maritime emissions and the auctioning of national emissions permits. We will work together on this.

Rainforest countries need the security of finance now and for the coming years. We believe around 20% of early finance should be allocated to forest protection. We want the Copenhagen agreement to agree a reduction in deforestation of 25% by 2015, leading to a 50% reduction in 2020 and a halt in 2030. The developed world should pay for the majority of this, supporting developing countries’ own efforts.

To this end we will work with developed countries and rainforest nations over the next few days to deliver an equitable and effective agreement on forest finance and governance. We will jointly attend a conference of rainforest countries of the Congo basin next week in Paris.

That long term financial support is needed to assist developing countries meet the costs of mitigation and adaptation, estimated at around €100 billion, in 2020.

We are determined that Copenhagen agrees to put in place stronger global environmental governance.

There is much at stake at Copenhagen. We will be doing all in our power to reach the ambitious and comprehensive global agreement the world needs.” From the Government’s website:
http://www.number10.gov.uk/Page21706

France, Africa Want to Tax Banks to Finance Climate

[ENDS Europe DAILY, Wednesday 16 December 2009] France and Ethiopia, representing Africa, have called for a global tax on financial transactions to help finance climate mitigation and adaptation measures in poor countries beyond 2012. They also want taxes on sea freight and air transport.

The tax on financial transactions, also known as the Tobin tax, is one of several proposals some old, some new in a joint statement made by France and Ethiopia on Tuesday. The call was immediately backed by UK Prime Minister Gordon Brown.

French president Nicolas Sarkozy, Barack Obama, Angela Merkel and Gordon Brown had a joint telephone conversation on Tuesday to discuss divisive issues such as climate financing. "If we don't have this [Tobin] tax, who is going to pay?" asked Mr Sarkozy at a press conference in Paris.

Europe and Africa agree on the amount of funds needed to tackle climate change in developing countries, Mr Sarkozy said. The US must contribute to the proposed E7.2bn in "fast start" financing, and the annual E100bn needed by 2020, he stressed.

The French and Ethiopian leaders said 40% of fast start funds should go to Africa, and that 20% should be dedicated to measures for reducing emissions from deforestation and forest degradation, known as REDD, a proposal made by Mr Sarkozy earlier this year.

The two leaders also called for an "ambitious reform of global governance" as part of the UN climate talks. They want Copenhagen to "launch a process leading to the establishment of a World Environment Organisation", an idea France has pushed for several years.

NASA Climate Expert wants Copenhagen to Fail and Calls for Carbon Tax

[Saija Kononen, Thursday 17 December 2009] The US climate scientist James Hansen announced a couple of days prior to the climate talks in Copenhagen that the talks must collapse if the world is to tackle global warming effectively, many newspapers reported.

Hansen is a leading climatologist and director of NASA's Goddard Institute for Space Studies; he was the main figure raising public awareness of global warming in the USA at the end of the 80’s. Now Hansen's back in the spotlight. He has raised eyebrows by saying that he does not hope for any agreement from Copenhagen. He said the "cap and trade" system for reducing greenhouse emissions, the system most countries are appealing for, is even counter-productive.

He commented the system of trading with pollution rights by saying: "This is analogous to the indulgences that the Catholic church sold in the Middle Ages. The bishops collected lots of money and the sinners got redemption. Both parties liked that arrangement despite its absurdity. That is exactly what's happening."

In Hansen's view, the only way to cut emissions is through an ever-increasing tax on carbon emissions. He believes that the "carbon tax" should start at around $1 per gallon of petrol, with revenue returning directly to the public purse, according to the UK's Times Online.

A tax would really encourage industries to curtail their creation of harmful emissions, while passing along the costs to companies and people who insist on following a business-as-usual approach. It would actually change people’s behaviour.

Actually, Hansen has been talking about carbon taxes for years and his criticism against emissions trading is well known, but just before the climate talks his statements found more echo in the media.

“Enfants terribles” in Copenhagen

[Saija Kononen, Thursday 17 December 2009] The problem countries, the “enfants terribles”, of Copenhagen are the USA, China and India. The USA will not do anything if China will not do and the other way round. The three countries are very different but they have one thing in common: they all emit a l-o-t. China is already emitting more than the USA, although its per capita emissions are still quite low. India is a transition economy, emitting more and more, at the same time arguing that it cannot slow down the development in the country – the people have been suffering enough and have deserved to get prosperous. You might have heard these phrases, enunciated by some Western World representative, with some fear in his voice: “What happens when the Indian people start driving cars, when the Indian people start eating meat every day, when the Indian people start watching TV….?”

Here is an interesting piece of column, summing up the American reservations when it comes to climate talks with China and India (by Sharon Begley, for the December Newsweek):

Will India and China agree to binding greenhouse cuts this time? Because of geography, topography, and poverty, those two countries stand to suffer more than many others from calamitous climate change. Yet at Monday's Climate Week kickoff, Su Wei, who as China's director-general of climate change will lead its delegation in Copenhagen, said this: "We need to make sure progress on climate change is based on the U.N. Framework Convention on Climate Change and the Kyoto Treaty." Translation: just as Kyoto did not require China to commit to binding emissions cuts, Copenhagen better not either. And this: "For success in Copenhagen, developed countries need to provide financing to support developing countries, [and] agree to deeper emissions cuts." Translation: what we want out of Copenhagen is an agreement by which the developed world finances clean energy and climate adaptation in the developing world (which the UN estimates would be $500 billion to $600 billion every year for decades). And this: "I am confident we will achieve an equitable agreement in Copenhagen on the principle of equity." Whenever you hear China talk about "equity" in climate talks, you can safely translate it is as "you guys in the rich world caused this problem, so don't expect us to agree to cut our carbon emissions as part of any international treaty."

The only silver lining in this cloud is that China seems willing to make voluntary emissions cuts. But in his Tuesday speech to the U.N., President Hu Jintao vowed only to decrease China's "carbon intensity"—that is, the amount of carbon dioxide produced per unit of economic output. As economic output rises, therefore, so will CO_2.

Jairam Ramesh, India's minister for environment, was only slightly more conciliatory. "It is in our interest to have an agreement in Copenhagen, because we are very vulnerable to climate change," he said. "India will not be found wanting in contributing to the international agreement to limit global temperature increases to 2 degrees C by 2020." That sounds encouraging, but he, too, made the "we didn't cause this mess" point, saying that India's "per capita emissions will always be less than the developed world's." (True, though when you have 1 billion capita, total emissions add up: India is now the fifth-largest emitter of carbon from the burning of fossil fuels.) And Ramesh also called for "the beginning of a financial [mechanism] to underwrite [low-carbon] energy technology," which means rich countries subsidizing renewables and the like in poor countries.

Russia and the Copenhagen Talks – a Sleeping Bear

[Saija Kononen, Tuesday 15 December 2009] Russian newspapers' comments about the first half of the climate summit were rather negative: "The international climate change conference in Copenhagen has, by the time it's struggled through the half of its agenda, got covered in rumours and contradictions, all the way to shocking and shameful ones" (Voice of Russia). Copenhagen Conference is one of the rare international meetings were Russia does not play a leading role. All the talk is of the US, China, and India – Russia remains out of the press.

Russia has said it is ready to cut emissions of greenhouse gases by 25% to the level of 1990s but only if a number of conditions is met. First of all G8 countries and BRIC countries (Brazil, Russia, India and China) should participate in the greenhouse gas emission agreement. Also production technologies, which enable the countries to cut hazardous emissions, should become more available. For Russia the 1990-goal should not be too hard; in 2005, the former Warsaw Pact countries were on average 35% below the emissions levels of 1990.

For international carbon market it would be important to get Russia to sign an agreement.

Russia ratified the Kyoto Protocol in 2004. For now it has a surplus in signed Amount Units (AAUs) – the tradable emissions units. This surplus could be a risk for the international carbon market. If the units were sold they could significantly undermine investment in domestic, and international, emissions reductions. Downward pressure on carbon prices would be substantial, and investment in emissions reductions in emerging markets through the Clean Development Mechanism and other means would all but dry up. At the conference the Russian delegate vaguely said Russia was not about to sell its greenhouse gas quotas, at least not for the time being. This is due to Russia's plans to concentrate on some joint projects with other countries.

Inefficient Giant

Russia is the most energy intensive economy per unit of GDP of the top ten energy consuming countries, and is number three in absolute terms for energy consumption. So it is to say that Russia is a large, inefficient, user of energy – a major contributor to national greenhouse gas emissions. A joint IFC/Centre for Energy Efficiency paper states:"Russia can save 45 percent of its total primary energy consumption. Russia's current energy inefficiency is equal to the annual primary energy consumption of France. Achieving Russia's full energy efficiency potential would cost a total of $320 billion to the economy and result in annual costs savings to investors and end users of about $80 billion, paying back in just four years. Benefits to the total economy are much higher: $120-150 billion per annum of energy cost savings and additional earnings from gas exports.

If its energy efficiency potential was to be fully realized, Russian CO_2 emissions in 2030 would be approximately 20 percent below the 1990 level. Russia's energy efficiency potential translates into a CO_2 emissions reduction of 793 million tons of CO_2 equivalent per year (about half of 2005 emissions)."

Finance sector makes voice heard at UN climate talks

[EurActiv, Thursday 17 December 2009] Executives from Merrill Lynch and Goldman Sachs spoke alongside former world leaders in Copenhagen yesterday (16 December) to promote private finance as a way of helping poor nations switch to low-carbon energy sources. EurActiv reports from the Danish capital.

Without urgent and concerted action, climate change will impact upon human welfare, damage ecosystems and threaten global security, warned Ricardo Lagos, former president of Chile and president of the Club of Madrid, the world's largest forum of former presidents and prime ministers.

Lagos said concerted action implies not only public money to help developing countries to invest in low-carbon technologies, but also to scale up private investments.

"The Copenhagen focus is on public money. There is almost no reference to the private sector. We need to mix the two," said Timothy Wirth, a former US senator.

A group of former investment bankers from Goldman Sachs and Merrill Lynch said the private sector was ready take on the majority of investments in low-carbon energy technologies.

Yet negotiations for a post-Kyoto climate deal have not yet adequately engaged the private sector, they said.

No shortage of capital

Mohamed El Ashry, president of the United Nations Foundation, explained that trillions of dollars will need to be made available over the coming years to finance the switch to clean energy production.

With such large numbers, "private investment must be at the front," El Ashry said. He feels that there is "no shortage of capital" but the real challenge is to find ways to mobilise that capital to scale up low-carbon energy investments, especially in developing countries.

Proactive policies that put a price on carbon, eliminate subsidies for fossil fuels and encourage the use of low-carbon products will provide assurances that a long-term market for clean technologies can be maintained, the group argued.

"We have a long-term adventure ahead of us," said Tracy Wolstencroft, managing director at Goldman Sachs, explaining that governments should guide and leverage private investments by fostering an enabling environment with stable regulatory framework and incentives.

Steering markets into the right direction

For Wolstencroft, markets need to be moved in the right direction, with support from governments. "It is like a three-legged stool: you need coordination between policy, technology and capital. If they are not moving at the same speed the stool will be wobbly," he said.

The carbon market is seen as a key element to pull clean technologies through the different stages of development and bring them into the mainstream.

According to Abyd Karmali, managing director and head of carbon markets at Merrill Lynch, placing a global cap on emissions in the context of a global cap-and-trade system will create a strong incentive to reduce emissions and deploy the best and cheapest technologies available.

"CDM [Clean Development Mechanism] markets have helped to promote renewable energy in developing countries," he said.

But the Merrill Lynch executive underlined that a more solid framework was needed to ensure a credible price for carbon.

http://www.euractiv.com/en/climate-change/finance-sector-voice-heard-un-climate-talks/article-188435

Opinion: If Copenhagen fails, should the EU adopt a CO_2 border tax?

[ENDS Europe, Monday, 30 November 2009] France and Germany want border adjustment mechanisms to protect the EU's competitiveness if CO_2 cuts are not agreed. But Sweden and the environment commissioner have branded the idea as ‘eco-imperialism’. Two experts discuss

No - Reinhard Quick - Chair trade & environment working group, BusinessEurope

The principal justification for border measures is the risk of carbon leakage. If domestic measures to protect the climate impose too heavy a burden on industry, this could be tempted to migrate to countries with less strict climate policies.

Proponents of border measures claim a win-win result: both the climate and the competitiveness of the domestic industry are protected. But we should avoid falling into this protectionist trap.

If there is no agreement in Copenhagen, the introduction of border measures could lead to a destructive trade war. The most likely reason for a failure in Copenhagen will be a disagreement on burden sharing between industrialised and emerging countries.

If the EU were to impose border measures against “climate sinners”, it would probably start a trade war with huge and damaging consequences for European business, since the target countries would most likely be the EU’s biggest export destinations – the US, Russia or China. As the world’s largest export economy, the EU would take a huge risk in attacking its biggest trading partners.

Border measures would also be very complex to implement. The EU has adopted several laws to combat climate change and it is discussing the possibility of increasing energy (carbon) taxes. But these policies do not apply to products.

They are based on caps of CO_2 emissions for installations or taxes on energy consumption. Applying taxes on imported products would create a bureaucratic and administrative nightmare for importers. If the EU wants to avoid harming the international competitiveness of its industry, it should ensure that industry views are taken on board in the design and implementation of policies like the ETS.

An EU border tax policy might also encourage countries that want to exclude EU exports from their markets to pursue a similar policy. Suppose an emerging country with high population and low per-capita CO_2 emissions adopted border measures based on a containment of per-capita emissions.

Under such a system all exports from the US and the EU would probably be subject to such measures. What would prevent China or India from pursuing such a policy, if the EU opened the Pandora box of climate change protectionism?

Unilateral domestic climate actions coupled with border measures are nothing but a new form of protectionism and as such should be rejected.

Yes- Karsten Neuhoff - Research director, DIW Berlin

Border measures are politically contentious, having been abused in the past against developing countries. If unilaterally applied, they risk undermining international cooperation on climate policy.

Still, they deserve consideration as an essential tool to deliver emission reductions and industrial transformation in developed countries. While industry only contributes 20%-30% of emissions in developed countries, not tackling these emissions sets a bad precedent for emerging economies where industrial emissions represent a much larger share.

Unless global carbon prices converge, full auctioning could result in some industrial production in certain sectors relocating. This would create jobs and emissions leakage.

Without full auctioning, developed countries will not capture emission reduction potentials in their industrial sectors. Free allowance allocation based on benchmarks based on output or activity levels constrains innovation in low-carbon production and processes. In addition, it largely mutes the carbon price signal for industry and consumers of carbon-intensive commodities.

Without a move towards innovative and low-carbon alternatives, emission reductions are limited to a 10-20% efficiency improvement potential.

Arguably, direct regulation or strategic deployment policies might temporarily replace a muted carbon price signal. However, while such policy instruments are effective in the power sector or for domestic consumers, they are difficult to design for complex industrial production processes.

Border adjustment creates a clear economic, political and legal case for full auctioning, even if carbon prices should remain differentiated across regions. As long as the adjustments follow some important basic design features, such measures could work well.

It is important to assume that all imported goods are produced with best available technology, thus avoiding discrimination towards third countries. Full auctioning should be implemented jointly with border adjustment in order to be compatible with WTO rules. And to avoid non-tariff barriers, substances that qualify for border measures should be strictly constrained.

Using net revenue from border adjustment and a share of auction revenue to support developing countries would satisfy the need for common but differentiated responsibility.

The political challenge of a contentious policy instrument would then make way for international cooperation to create a shared understanding around the narrowly defined objectives of border adjustment, and to outline rules for a common approach.

OPEC fighting against adoption of carbon tax in Copenhagen

[Dpa, Wednesday 16 December 2009] Algiers - The oil cartel OPEC is fighting tooth and nail to prevent the adoption of a tax on greenhouse gas emissions at the climate summit in Copenhagen, Algerian Energy Minister Chakib Khelil said Wednesday.

'There is a very clear consensus within OPEC to reject this discriminatory tax,' he told Chaine 3 radio.

Khelil said that members of OPEC were meeting with officials from African countries to arrive at a common position on the so-called carbon tax.

http://www.monstersandcritics.com/news/europe/news/article_1519522.php/OPEC-fighting-against-adoption-of-carbon-tax-in-Copenhagen#ixzz0Zw3mfr24

[upstreamonline.com, Wednesday 16 December 2009] […]Khelil said carbon taxes would cut into the revenues of energy producers and make energy imports more expensive for developing countries.

"There is a consensus that is very clear. The countries of Opec have been working for a very long time on this issue," the news agency quoted him as saying on Algerian state radio. "The producers will be penalised."

"This tax is discriminatory with regard to gas and oil and is not in the interests of producing countries and is also not in the interest of developing countries," Khelil, a former Opec president, added.

http://www.upstreamonline.com/live/article201791.ece

The Copenhagen Accord explained

[Luke Walsh, Environmental Data Interactive Exchange, Monday 21 December 2009] Following two weeks of tense talks delegates at Copenhagen's COP15 have presented the world with an Accord.

The Copenhagen Accord stops short of being legally binding but does have some powers. It is operational now and will be reviewed in 2015 when it could be improved depending on new agreements and the scientific evidence then. The Accord starts: "We underline that climate change is one of the greatest challenges of our time. "We emphasise our strong political will to urgently combat climate change in accordance with the principle of common but differentiated responsibilities and respective capabilities."

The Chinese delegation proved to the sticking point in making any Copenhagen deal more meaningful. China refused to agree to an international emissions monitoring, but has said it would measure then itself and report the findings. Along with other developing countries this will be done on a two year reporting schedule, apparently due to start in 2011. Chinese Premier, Wen Jiabao, denied blocking any deal saying today (December 21) his country had 'played an important and constructive role' in pushing the Copenhagen climate talks.

However, the Accord also says nothing about limiting pollution and while it's described by delegates as 'politically binding' in reality it has no legal ramifications and there's no timescale for changing that. The deal protecting rainforests by paying developing nations to protect them, Reducing Emissions from Deforestation and forest Degradation (REDD), has been agreed. But, as with other parts of the Accord, there is no timescale in place and it's unclear how it will be funded with only limited cash put forward so far.

Arguably the Accord biggest success is an agreement to keep world temperatures below 2C, which is an achievement, but one that Non Government Organisations (NGOs) were lobbying for more on at the talks. Cash will be offered to the developing world to help them adapt to climate change and to invest in green technologies - nations also agreed to share their green technology but again set no date for starting this. The Accord appears to show $30billion earmarked for this up from 2010 to 2012, but a sticking point throughout the talks remains, with developed countries remains with no obvious sign for who pays what.

http://www.edie.net/news/news_story.asp?id=17447&channel=0&title=The+Copenhagen+Accord+explained+

Copenhagen Accord:

http://unfccc.int/files/meetings/cop_15/application/pdf/cop15_cph_auv.pdf

United Nations Framework Convention on Climate Change :

http://unfccc.int/2860.php

Copenhagen Accord – Reactions

[Reactions collected by Saija Kononen, Monday 21 December 2009]

Andy Atkins, Executive Director, Friends of the Earth

“The US appears to be more interested in saving face than saving the planet.”

“They are now using strong-arm tactics to bully the developing world into backing a plan that completely undermines the existing UN process and does little to diminish the growing threat of catastrophic climate change. This is completely unacceptable.”

“This summit has been a complete failure - the climate accord should be sent to the recycling bin.”

“The developed world, which has done most to create this crisis, must face up to its global responsibilites with a strong and fair agreement within months.”

“Time is running out - we need bold action not more short-sighted, short-term self-interest.”

Angela Merkel, German Chancellor

“This breakthrough lays the foundation for international action in the years to come."

“Copenhagen is a first step toward a new world climate order, nothing more but also nothing less. Those who are only putting Copenhagen down are helping those who want to blockade rather than move forward."

Yang Jiechi, Chinese Foreign Minister

“With the efforts of all parties, the summit yielded significant and positive results."

Jairam Ramesh, Indian Environment Minister

called it a “good deal” and said that India had “upheld the interests of developing nations” and their “national sovereignty”.

Dmitry Medvedev, Russian President

said the summit had achieved “quite modest” results. His aides, however, blasted the two-week UN conference as “one of the most poorly organised top-level events ever”. Greenpeace Russia dismissed it as “ignominious” and “futile”.

Tim Groser, New Zealand’s negotiator

didn't think developed countries were to blame: “They were presented with a conference that was complete madness, that was blocked by extremist procedural tactics,”

“I hope they will reflect, just as we are reflecting, on why exactly this conference got bogged down to the point where it produced, out of a mighty roar, just a little tiny result."

Walter Russell Mead, Council on Foreign Relations, USA

"The big winner: Barack Obama. Active and unconventional personal diplomacy enabled President Obama to dominate the global summit like no other figure. Whatever you think of the result, this showed who the most important world leader really is.

"The big loser: Europe. One hundred years ago, Europe literally ruled the world. Climate change is the issue that Europe has tried to make its own. Europe wasn't in the room when the Big Five cut the Copenhagen deal, and the deal didn't give Europe very much. I've written before that much of Europe looks at America the way Wile E. Coyote looks at the Road Runner. The coyote is smart, sophisticated and technically savvy. The roadrunner is an ignorant buffoon. Yet, somehow, the coyote never catches the roadrunner. This week, the coyote fell off yet another cliff while the roadrunner sped off. Beep! Beep!"

Barack Obama, U.S. President

called the accord a "breakthrough" which laid "the foundation for international action in the years to come"., but he said it still "not enough.

David Nussbaum, Chie Exceutive, WWF, U.K.

"They may think it's all over, but this deal is far from done. After years of negotiations we have reached a declaration of will which currently binds no-one and fails to guarantee a safe climate for future generations. As it stands, this weak accord will not keep global warming below the dangerous level of 2 degrees."

"If the gaps between rhetoric and reality are not closed, this deal could cost millions of lives and hundreds of billions of dollars. If the EU had only responded with ambition earlier in the process and moved unilaterally to 30 per cent, we could have been in a better position at this point. The UK Government showed determination in identifying the scale of international funding necessary, and the emissions cuts required to make any sort of acceptable deal. We look to Brown for continued leadership in coming weeks to salvage a fair, ambitious and binding agreement."

"While today's declaration is deeply disappointing, industrialised countries have been given until February to commit to their emission reduction pledges. It is vital that they take this opportunity to increase ambition, and close the huge loopholes in the current targets - without more ambition, this deal is headed for dangerous levels of warming."

"Governments must also act urgently to set out a clear timetable for when a legally binding agreement will be reached - the world is still awaiting the leadership it needs."

Le Monde, French News Paper

"China is at the heart of Copenhagen's failure."

Gordon Moffat, director general of European steel industry association EUROFER

"The Copenhagen deal is a disappointment. We had hoped that an agreement in Copenhagen would have resulted in a global level playing field between industrial competitors worldwide. Until an agreement is reached which results in comparable efforts by industries worldwide the EU must maintain the measures foreseen to protect the competitiveness of European industry."

Gordon Brown, British Prime Minister

said a new global body dedicated to environmental stewardship is needed: "Never again should we face the deadlock that threatened to pull down those talks. Never again should we let a global deal to move towards a greener future be held to ransom by only a handful of countries. One of the frustrations for me was the lack of a global body with the sole responsibility for environmental stewardship."

Francois Fillon, French Prime Minister

"France, like all of the European Union, would have wanted the Copenhagen Accord to go a bit further. But there is an agreement."

Ed Miliband, the Climate Change Secretary, U.K.

"disappointing"

Sweden calls the summit a „disaster"

[Spiegel, Tuesday 22 December 2009, summarised by Saija Kononen] The result of Copenhagen is a disaster, Environment Minister Carlgren said. After British Foreign Minister's accusations, China and U.K. quarrelled.

No EU politician has been so open and critical about the summit in Copenhagen. Europe should move on after the "disaster of Copenhagen", Swedish Environment Minister pleaded at the last EU council under his country's leadership. EU has to find alternative ways in climate protection, he said.

In countries like France and Belgium the people have started pleading for a carbon tax on the EU borders. It could prevent European industry from suffering from competitive disadvantages, Belgian Environment Minister Paul Magnette said. The climate tolls would be aimed against countries like China whose obligations to the industry are far lower and which were seen to brake the summit. Chinese government said already during the summit that such a CO2 tax would disadvantage its trade and ecologic development.

Germany did not show enthusiasm for such charges. Federal Environment Minister Norbert Röttgen (CDU) advised against "state-run dirigisme". Chancellor Angela Merkel (CDU) has also been reserved, although she, already in September, together with French President Nicolas Sarkozy, demanded measures against countries not signing the climate agreement. But only Paris understood this letter as statement for climate tolls.

There has been discord between the U.K. and China in the aftermath of the summit. For British Climate Minister Ed Miliband, China was the main reason for the failure. According to China, Miliband's „attack" in *Guardian* was aimed to „shrink from the responsibilities of the industrialised countries towards developing countries and to raise dispute among the developing countries". In addition, Chinese spokesman said, there was a broad alliance of developing countries opposing the paper.

British government should "revise the mistakes" and "earnestly meet its responsibilities towards developing countries". Chinese spokesman underlined that China, on the contrary, "undertook eager efforts" in finding a good solution in Copenhagen and at the same time in defended the rights of developing countries.

6. LINKS AND PUBLICATIONS

30th November 2009, What taxation for a low carbon economy?

This meeting aimed primarily at supporting the Swedish and Spanish EU presidencies with the forthcoming revision of the Energy Taxation Directive. As part of the revision process the European Commission (Directorate General for Taxation and Customs Union) hosted this conference in Brus-sels on November 30th 2009. Many GBE members were in attendance, including Paul Ekins as a speaker. Vice-Spokesman Kai Schlegelmilch was invited to chair the final discussion which can be seen as webstream. The video and all other informations concerning the conference can be seen at:

http://ec.europa.eu/taxation_customs/taxation/gen_info/tax_conferences/low_carbon/index_en.htm

The webstreams are also available on:

http://www.foes.de/veranstaltungen/dokumentationen/2009/externe-veranstaltungen/

Taxation trends in the European Union 2009 edition

This report contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union and Norway. The data are presented within a unified statistical framework (the ESA95 harmonised system of national and regional accounts), which makes it possible to assess the heterogeneous national tax systems on a fully comparable basis.

The standard classifications of tax revenues (by major type of tax or by level of government) presented in most international tax revenue statistics are hard to interpret in economic terms. This publication stands out for offering a breakdown of tax revenues by economic function (i.e. according to whether they are raised on consumption, labour or capital). This classification is based on disaggregated tax data and on a breakdown of the revenue from the personal income tax. In addition, the report contains indicators of the average effective tax burden on consumption, labour and capital, as well as data on environmental taxation and on the top rates for the personal and corporate income tax.

Country chapters give an overview of the tax system in each of the 28 countries covered, the revenue trends and the main recent policy changes. Detailed tables allow comparison between the individual countries and European averages. Data cover the 1995-2007 period and are presented both as a percentage of GDP and as a percentage of total taxation.

This year's edition of Taxation trends in the European Union appears at a time of upheaval. The report takes stock of the tax policy measures taken by EU governments in response to the global economic and financial crisis up to spring 2009. These measures are synthesised in a box and described in detail in the country chapters of the report. Moreover, this year's edition contains a new set of environmental data (tax revenues raised on the transport use of fuel), as well as increased coverage of the data on the top rate of the personal income tax and corporate income tax.

http://ec.europa.eu/taxation_customs/taxation/gen_info/economic_analysis/tax_structures/index_en.htm

Scorecards for Best and Worst Environmental Policies

A German Watch study commissioned by the WWF and E3G presents the best and the worst policies by examining their effects on environment and economy at the same time. The paper “Scorecards for Best and Worst Policies for a Green New Deal” gives points for the policies in three categories: green effects, economic effects and outreach. Each category is divided into subcategories and for every subcategory 3 points is the maximum. In the first category the policy can score by:

- short-term effect on emissions
- long-term effect on emissions
- lock-in effect (positive/negative)
- and other significant environmental effects

In second category the possible scorepoints are:

- financial benefits and costs to society
- employment effects
- barrier (removal / enhancement)
- triggering innovation

In the “outreach” category the only chance to score is “applicability in other countries/ scalability”.

Germany’s “efficiency in buildings” programme got the highest score. It reduces emissions, new jobs have been created and it could easily be implemented in other countries. Germany’s feed-in tariff for renewable electricity was also praised, as well as Mexico's Bus Rapid Transit (BRT) system, the USA's Weatherization Assistance Program providing energy-efficiency support for low-income homes and 9 other policies. The three worst policies were: 1) local coal-mining subsidies, 2) preferential treatment of energy-intensive industries, and 3) subsidies for nuclear power production.

You can download the study here:

http://www.germanwatch.org/klima/score09g20.pdf

Coolproducts.eu

Green Budget Europe is now a supporter of the manifesto of the coolproducts.eu, "Cool products, Warm Homes".
http://coolproducts.eu/manifesto/

The main demands are:

1. Adopt a mandatory EU 20% energy saving target by 2020 to support our commitment to energy conservation.
2. Establish more coherent legislation to close gaps and set clear responsibilities.
3. Boost the energy performance and renovation rate of existing buildings in the EU.
4. Allow only the greenest heating and cooling products to reach the market.
5. Redirect finance where it matters.

Coolproducts is a campaign to set ambitious minimum requirements for energy efficiency and other environmental aspects of products sold in the European Union.

http://coolproducts.eu/

The Case for Green Fiscal Reform - Final Report of the UK Green Fiscal Commission

A new study of the Green Fiscal Commission examines the possibilities and effects of a green tax shift in the UK, such that 15-20 per cent of the UK's tax revenues come from environmental taxes by 2020. Here are some of the key messages of the study:

"**Environmental taxes work**: numerous studies, including those of the Green Fiscal Commission, have shown that green taxes are effective in reducing the environmental impacts on which they are targeted."

"**The UK's 2020 greenhouse gas targets could be met through green fiscal reform**: the economic implications of doing so would be broadly neutral, and the green fiscal reform policy approach would increase employment."

"**The impacts of green fiscal reform on competitiveness can be mitigated**: relatively few economic sectors would face serious challenges to their competitiveness from green fiscal reform, and there are a number of ways in which these concerns can be addressed."

You can download the study on our website: http://www.foes.de/publikationen/studien/

Carbon Tax – a Forgotten Climate Policy Tool?

Carbon taxes seem to be a forgotten policy tool in the climate policy debate, and there are several misconceptions regarding their use and effectiveness. In this report, the Swedish think-tank Global Utmaning (Global Challenge) analyses the theories and evidence regarding carbon taxation, and presents 10 principles on carbon taxation.

The report finds that:

- Carbon and energy taxes can be environmentally efficient in terms of reducing carbon emissions.
- A green tax shift, i e shifting the tax burden from taxation of labour to taxation of carbon and energy, can have a small positive impact on GDP.
- The effect of carbon taxes on income distribution tends to be regressive in developed countries.
- And seems to be progressive in developing countries.

- Carbon taxes and emission trading systems are compatible and complement each other, since they are suited for different sectors of the economy.
- Several European countries have implemented both carbon taxes and emission trading systems with good results during several years.
- A careful selection has to be made when combining taxes, emissions trading systems and other climate policy instruments.
- A carbon tax should be introduced at a low level and gradually increased, and tax increases should be announced well in advance, in order to allow for adaptation by households and companies.
- It is necessary to adapt tax policies to country-specific situations.

The report can be downloaded at http://www.globalutmaning.se/upl/files/35153.pdf

International Fuel Prices

Fuel taxes are an important source of revenue for the financing of the transport sector in that they charge road user the costs of transport infrastructure. Furthermore, numerous countries earn revenues through taxation on petroleum products, which can be used for reducing public transport fares or providing social services such as schools and healthcare. In line with the polluter pays principle, fuel taxation can shift the burden of the indirect negative effects of transport (so-called external costs of transport such as environmental pollution, noise, congestion costs, etc.) onto transport users.

"International Fuel Prices" is a long-time effort of GTZ on behalf of the German Federal Ministry for Economic Cooperation and Development to provide decision-makers with data on fuel prices on a global scale. The worldwide transparency and comparability of fuel prices is an important step towards the national implementation of rational energy pricing policy.

The data preview 2009 provides information on:

- – Diesel prices in more than 170 countries
- – Gasoline prices in more than 170 countries

Here is the link to see the data: http://www.gtz.de/en/themen/28260.htm

Deutsche Bank on Climate taxes

Even Deutsche Bank has seen the advantages of environmental taxation. In a recent study they state that "climate tax" could be an effective way to bring more money to the treasury, now that it is the main issue of many countries suffering from the financial crisis. Click here to see the study (in German): http://www.foes.de/pdf/DBR_Kllimasteuer.pdf

List of Environmental Taxes in Finland

You can find a list of all environment-related taxes and charges in Finland on the website of Finnish Environmental Ministry. Here is the link:

http://www.environment.fi/default.asp?contentid=299689&lan=EN

This link:

http://www.environment.fi/download.asp?contentid=85625&lan=en

gives information about tax rates and revenues.

Carbon Tax Center

The American "Carbon Tax Center" is a lobby group for carbon tax in the U.S. also giving useful information on carbon tax in general.

http://www.carbontax.org/

7. EVENTS

GBG Conference, Annual General Meeting and Adam Smith Price 2010 23 th /24 th April 2010, Berlin

On April 23rd, 2010 GBG will organise a conference in which the feedback of trade unions, youth organisations, environmental NGOs and churches to our EFR concepts will be followed up. The discussions will take place with stakeholders from different social sectors.

In the evening a person, which acquired merits in promoting the use of MBI, will be awarded the Adam Smith Price 2010. The price will be granted during a ceremonial act with a speech of Dr. Anselm Görres and the person awarded.

On April 24th, the Annual General Meeting will take place. All members and friends are invited to take part in the assembly. There, besides the legally defined agenda items, GBG will discuss about important developments and the GBG strategy.

GBE Annual Conference 2010

The 2010 GBE Annual Conference will take place on July 8th and 9th (Thursday and Friday) in Budapest. The site of the event is the conference room

http://www.andrassyuni.hu/deutsch/admin/data/00000001/_fix/00000000/_fix/00000004/_subpage/images/original/image0001.jpg?1968753122

of the Andrássy University

http://www.andrassyuni.hu/deutsch/list.php?konyvtar=admin/data/00000001/_fix/00000000/_fix/00000004&id=0

in the centre of Budapest.

The local organiser of the Conference is the Clean Air Action Group www.levego.hu (CAAG) in cooperation with the Hungarian Economic Association.

The whole conference will be accessible online in real time (i.e. there will be live web-streaming), which means that anyone in the world with Internet connection will be able to follow the conference, and make comments and ask questions to the speakers by e-mail, *which can be answered right away* – time permitting.

The conference is planned to be free of charge, and the organisers will strive to reimburse travel and accommodation costs for the speakers, if necessary. All help for securing funding for the conference is welcome.

The proposed main topics of the conference are the following:

1. Environmentally Harmful Subsidies and their Elimination

The EU SDS strategy (2006) called on the European Commission to draft a roadmap for the removal of EHS in all relevant sectors. In order to support the implementation of the roadmap DG ENV commissioned a study for providing practical guidelines for EHS removal and indicators to enable policy makers to get a sense of the level and character of the subsidies. The draft version of the study was presented at a workshop http://www.ieep.eu/whatsnew/newsitem.php?item=207 in Brussels in September 2009. It is hoped that the GBE Annual Conference will further stimulate the Europe Commission to draft the roadmap for the elimination of EHS.

It should be emphasised that external environmental costs are also implicit subsidies, which should also be eliminated by the application of appropriate taxes and charges.

2. Communicating Green Budget Reform.

During the recent years a lot of experience has been accumulated concerning good and bad practices associated with the communication of GBR. Presentation and discussion of the most important findings during the conference will help improve the communication of GBR.

Please send your suggestions for detailed program and speakers to András Lukács (lukacs [at] levego.hu).

AGRION Business Network for Energy Cleantech, sustainable Development 14th January, Frankfurt

There will be many events organised by AGRION next year, starting with "Cleantech Investments in Germany in 2010" 14th January. To see the whole list, please go to the homepage of AGRION: http://www.agrion.org/sessions/agrion-de-Cleantech_Investments_in_Deutschland_2010.htm .

Présentation de l'étude "Une Union sans cesse moins carbonée ? vers une meilleure fiscalité européenne contre le changement climatique

In the aftermath of Copenhagen and at the moment Europe prepares to put sustainable development at the centre of its growth strategy, the study by Laurent and Le Cacheux calls for a reconsideration of the effectiveness of Europe's economic instruments against climate change. The study will be presented in Hotel Crown Plaza Europa 107 Rue de la Loi in Brussels on January 14th. The study proposes a reform of Europe's carbon taxation, concerning both the emission permits market and Europe's various carbon tax regimes. The authors survey the unhealthy trend of carbon emissions in the EU and look closely at the instruments available to fight climate change: emission permits market, regulation, and environmental tax.

More information and inscription:

http://www.notre-europe.eu/fr/agenda/publication/presentation-de-letude-une-union-sans-cesse-moins-carbonee-vers-une-meilleure-fiscalite-europeen/

The 11th Global Conference on Environmental Taxation 3 - 5 November 2010, Bangkok, THAILAND

The 11th GCET provides an international, interdisciplinary forum to explore issues involved in designing and implementing environmental taxes. The conference is not intended to advance any particular environmental agenda on an advocacy basis but rather to advance knowledge, understanding, and debate.

More Information is available here: http://www.acc.msu.ac.th/gcet2010/index.php

8. IMPRINT

Best wishes from the founders and the editors!

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