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GreenBudgetEurope

European Newsletter on Environmental Fiscal Reform

Founders:

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Quotation of autumn 2011

> *"So they don't like binding targets or binding measures, and yet they regard energy efficiency as the most important priority of the European Union. Sorry, but we must stop this."*

Philip Lowe, the head of the Commission's Directorate-General for energy, criticises EU governments for obstructing binding rules to promote energy efficiency.
26 September 2011, quoted from EurActiv

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2. Editorial

Dear readers and friends of Green Budget Germany,

it is been a while since you have received the latest edition of Green Budget News and a great deal has happened - in Europe and beyond.

Most notably in the European Union, negotiations of the proposed revision of the Energy Tax Directive (ETD) have been taking place. Working with T&E – Transport and Environment – and the EEB, GBE has tried to influence the debate in favour of the Commission proposal. Please see below in this edition of GBN for articles on the ETD and more.

To become rich is great
but to pay taxes is glorious

So read a recent headline in the Financial Times on Friday October 21st. The article, by Kishore Mahmubani, Dean at the National University of Singapore, stresses the importance of the social contract and warns against rebuilding a social and political order that once again justifies great inequality. The headline also of course reflects a broader movement in favour of taxing those most able to bear the burden of the current crisis – even on the part of those set to be hit by such tax rises – as evidenced by recent calls for increased taxation of high earners by American and French millionaires.

Of course, this is what Green Budget Germany - renamed, in German, the "Forum for eco-social market economy" – campaigns for on a day to day basis. We hope to see ever more calls for fairer and more socially equitable taxes in the future.

GBE annual conference, Copenhagen

At the GBE annual conference at the EEA this September, ways of regaining the moral high ground on taxation were explored. David Gee of the EEA highlighted a quotation from Franklin D. Roosevelt: "taxes are the price we pay for a civilised society". Ways of raising awareness that payment of (not only environmental) taxation is a good thing to do, and an integral part of the social contract, were central to our discussions.

Long after we had set the date for our event, the Danish parliamentary elections were scheduled for 15th September. Denmark is set to be governed by a centre-left coalition which has already announced ambitious climate targets. Indeed, Martin Lidegaard, who gave a keynote address at GBE's conference, was since appointed as Minister for Climate, Energy and Buildings. We were very pleased to be in the thick of political developments - and to give ourselves a congratulatory pat on the back for influencing the very positive result!

We are looking forward to the Danish EU Presidency in the first half of 2012 – particularly in view of negotiations for the revision of the Energy Tax Directive.

We are very proud to have welcomed so many prominent speakers to the conference – to name but a few – Climate Action Commissioner Connie Hedegaard, Jacqueline McGlade, Executive Director of the European Environment Agency, Michael Jacobs, former special adviser in the UK Treasury, and winner of the Green Budget Reformer of the Year award Jens Lundsgaard, formerly OECD and now Deputy Permanent Secretary at the Ministry of Economics and Business Affairs in Denmark.

The conference was reported in the media more than any previous GBE event. ENDS Europe and International Tax Review published several articles (please see p. 8 for details). Even the venerable New York Times recently reported Green Budget Germany research. EFR and those fighting the EFR corner are becoming more of a talking point than ever before.

In this month's edition of GreenBudgetNews...

What is waiting for your in this issue? As every time you get informed about past and present events. Of course, this issue includes a review on the Copenhagen conference, including all press articles. There is also a GBN Special on the European Resource Efficiency Roadmap presented by the European Commission this September. While GBE is in agreement with its underlying principles, the Roadmap could have been more concrete.

The revised Eurovignette Directive came into force on 12th September. The charge for heavy goods vehicles may now include the external costs of air pollution and noise.

Additionally, the European Commission specified the details of free ETS emissions allowances for airlines. Non EU countries, especially the US, are fighting against the decision on including aviation in the European Emission Trading System, but it seems likely that their arguments are going to be rejected.

We are happy to report on the progress of environmental tax reform both in EU states and worldwide. In Germany, the final end of coal-mining was sealed, in Luxembourg there will be tax credits for energy efficient properties, and in France the CO_2-tax is on the agenda once more.

The trend is also apparent in China, which aspires to tighter emission targets and will broaden its resource tax. In Australia, the contested carbon price mechanism was finally passed by the House of Representatives and new methods have been explored to enlist support, as an internet tool made by the Climate Institute shows (see p. 29).

At the end, you will find a long list of newly released studies and publications. If you want to know more about the influence of exemptions in energy taxes, or have at your fingertips strong research results to counteract the claims of several car makers, that legal binding fuel efficiency targets would made cars 'unaffordable', see our publications list on p. 35.

Before you start reading we want to call your attention to an urgent concern. It seems that the revision of the Energy Tax Directive is being undermined by the current Polish EU Presidency and there have been attempts to remove some elements of the Commission proposal, e.g. the specification of an energy and a carbon component in minimum tax rates. It seems the aim is to achieve these changes before the greener Danish Presidency takes over in 2012. Please mobilise your networks and your influence wherever possible to argue against such a change – and please get in touch if you need our support to do so!

Support us to publish GreenBudgetNews and in our work to promote EFR by providing information on EFR, by submitting articles and by making a donation at:
www.foes.de/spenden/?lang=en

Best wishes from the entire Green Budget Germany team

3. GBE Activities

How to grow in a decade of austerity? – New GBE-Paper by Anselm Görres and Yannis Palaiokrassas

[Anselm Görres, President Green Budget Europe, 17 November 2011] Within the German NGO scene, also in some other EU countries, a lively debate is going on whether further growth is desirable at all, represented for instance by the German economist Nico Paech. Meanwhile, the majority of

Europeans desire nothing more than the return of the nice growth rates of the past, while many countries are struggling with growing youth unemployment and an ever-growing level of national debt.

As a response to the high and threatening debt levels in Europe, and under heavy pressure from the financial markets, most EU member states and the Union as a whole are moving towards much sterner rules for government spending and national deficits. They are being debated under headlines like 'Golden Rule' or 'Schuldenbremse'.

It seems a safe bet that very soon, most EU countries will have obliged themselves, or will have been obliged as a covenant for high EU credits, to follow a path a fiscal “virtue” and to gradually reduce their national debt to the Maastricht target of 60 percent. To achieve this, state budgets will have to produce a relatively high “primary surplus”, i.e. a surplus that exceeds interest payments to realize a net reduction of their debt. Over many years, if not decades, this will require a strict combination of higher taxes and reduced spending. Inflation may be used as a tool to soften this requirement, because it can blow up present numbers in relation to the nominal value of the accumulated debt. So some debt may “disappear” through inflation. But it is most doubtful that inflation will work as a growth drug like it did in the sixties.

Not only the public sector has to switch to fiscal contraction. The banking sector is also being forced to consolidate by EU or national regulation. So in the end, the question arises: How we can achieve future growth without the easy stimulus of ever increasing government debt? The paper tries to give some first answers. Under the title Grüne Rettung für Griechenland, it was published in the renowned Süddeutsche Zeitung (Munich based).

English version

German version

In a nutshell, we argue that by means of green tax reform, but also tough eco-regulation, even a poor government can still give impulses to the private sector to move away from inefficient factories, houses, vehicles, and other equipment, and thereby induce or enforce new, green investments. A strong shift both in relative prices and the regulatory framework could result in strong incentives. As a teaser on top, even poor governments could still give a nudge to investors by offering them some interstate support. If states and banks cannot behave expansively, the only hope lies in the private sector.

Vacancy: GBE is looking for a Policy Officer

To lobby at EU level in favour of economic instruments for environmental policy (e.g. the Energy Tax Directive, the EU budget, removal of Environmentally Harmful Subsidies, Emission Trading, EU transport policy), GBE is looking for a Policy Officer. The position involves organising and participating in lobby meetings, networking, producing articles and policy papers, and research to support GBE's political work.

For more information, please follow this link.

Past Conferences and Events

GBE Annual Conference: "Taxation, Innovation and Communication: Enhancing the prospects for green fiscal reform"

15-16 September 2011, Copenhagen

Highly motivated Speakers, excellent presentations and good organization contributed to the success of our conference. Stewart Elgie gave an excellent presentation on the communication of ETR, using the carbon tax in Canada as his example. Anselm Görres highlighted the window of opportunity offered by the ongoing European crisis in relation to ETR (his opening remark can be found on p. 7). Now Minister for Climate, Energy and Buildings Martin Lidegaard described the research of the think-tank Concito on radical green tax reform and investigation of Border Tax Adjustment in the coming months. GBE Green Reform of the Year, Jens Lundsgaard, presented some of the most interesting findings of the OECD's Taxation, Innovation and the Environment. In the final panel session, Michael Jacobs, Manfred Rosenstock, Pieter De Pous and Anselm Görres discussed perspectives for ETR in Europe and the Resource Efficiency Roadmap (see GBN Special).

We thank all participants for their contribution!

Presentations from the conference and further information are available here.

The Danish Ecological Council, our organizational partner, provide a summary of the conference. Follow this link to get there.

The photos from the conference can be found here.

A greener Europe will be a better Europe

[Anselm Görres, GBE President, 15 September 2011]

[...] Some people may argue that in the midst of a European and even global financial crisis, it may not be the appropriate moment to debate about higher eco-taxes, more ambitious environmental programs, perhaps also social reforms or new taxes like the financial transactions tax. Aren't all these proposals terrible burdens in a financial and fiscal situation that already provides burdens more than enough? Most of us in GBE would tend to answer: Quite to the contrary. As part of a solution of the European debt crisis, we believe that to solve this crisis, we will need:

- more environmental ambition, not less
- more social fairness, even generosity, not less
- more controls of the financial markets, not less
- and also much more Europe, not less.

With the last point I mean: Stronger rules and institutions in Europe, and a far better coordination and cooperation within the Union, particularly within the Euro group.

We are in the midst of a continuous crisis, beginning at least 2007

Since 2007, we are in a crisis that doesn't seem to dissipate but only constantly changes its names. Starting seemingly harmlessly, under the name of US real estate crisis, this crisis has unfolded into global financial, economic, and social crises, leaving millions of people without jobs and most countries with much higher debts than before. For a short while, this first global crisis almost seemed overcome, but now we are suffering under a second global crisis, involving two major economic super powers – the US and Europe – both with ever increasing levels of debt.

Obviously, our fiscal and financial systems are not organized to produce stability, let alone sustainable results.

- There is an incredible disproportion between the financial sector and the real economy. Worldwide, financial transactions amount to USD 750 billion, almost 15 times higher than the world GDP of USD 54 bn. In the US, the financial sector's share of total profits has doubled from about one third to two thirds in two decades. But banks should serve the economy, not the other way round.
- Despite of some progress in some continents, the overall environmental balance is not improving, but worsening. Almost every month, we have alarming weather catastrophes, or major accidents from unsafe sources of energy, or dubious and unsafe mining and exploration processes.

It is hard to deny: The present world order seems quite incapable of securing our future. It offers no good perspectives to the majority of the world population. Not even in the wealthy countries can it guarantee jobs or education for young people or the poor. In the US, one out of six people lives in poverty.

We have to develop a new „business model" for our future prosperity

The present world order seems unable to produce more welfare without simultaneously producing more destruction of unique resources and irreplaceable species. Strangely enough, a lot of people's only dream seems to be to return as fast as possible to the status quo ante. Can that really be our highest aspiration?

- Does anyone believe that after this crisis, all we need to do is to return to "BAU" (business as usual)? Should we really believe that the very growth path that led us into this crisis will also be the path to get us out of it?

- Do you really think we can continue to build ever more and bigger cars, wasteful buildings, and rapidly decaying products that last only a few days, or be it a few years, before turning precious raw material into problematic waste?

Most of us are convinced: The old prosperity model is dead. Where it is kept alive, it is usually only working at tremendous costs in the form of perverse subsidies, unsustainable levels of environmental destruction, or ever-growing government debt.

We should not strive to reanimate the old prosperity model. It was based on extreme greed and a childlike degree of short-sightedness. We need the opposite: Mature behaviour of political and economic elites, long-sighted thinking of governments and a much higher degree of responsibility, from all society.

Despite all problems, the situation holds a lot of hope for the world

Not everywhere, but in large parts of the world, people are beginning to see the hollowness of the neo-liberal promises of ever-increasing growth and wealth for everybody, where in reality, for millions, if not billions of people, the last decades have brought little or no improvement in real terms.

Several decades after the "Reagan Revolution", the promises of the so called Supply Side Theory have been revealed as empty rhetoric. They hold no truth, as little as the promise of pain free nuclear energy […].

Read further:
http://www.foes.de/pdf/GBE_2011_09_15_Copenhagen.AnselmGoerres.pdf

The conference also sent waves through the media, as demonstrated by the number of articles below:

Revised Energy Tax Directive welcomed by taxpayers and activists

[Salman Shaheen, International Tax Review, 20 September 2011] Environmental taxation has been a divisive issue in recent years. But if there was one strong conclusion at Green Budget Europe's annual conference in Copenhagen, it was that the EU's Energy Tax Directive (ETD) was not working effectively and that the Commission's proposed revisions were a welcome improvement.

Rolf Diemer, head of unit at the Commision's DG Taxation and Customs Union, introduced the proposals for a revised ETD (RETD), which were made just before the summer and are now being negotiated at the European Council.

"There is a clear commitment at EU level to tackle climate change with clearly agreed objectives," said Diemer. The targets the Commission has set are a 20% cut in CO_2 emissions, a 20% improvement in energy efficiency and a 20% share of renewable energy by 2020.

The problem with meeting these targets, however, is that the Emissions Trading Scheme (ETS) only covers 50% of the emissions in the EU, while the current ETD is an ineffective tool to tackle the remaining 50% because it only taxes energy products when used as motor or heating fuel and excludes a number of energy intensive sectors such as raw materials.

Most problematic of all is that CO_2 emissions are not reflected at all in the level of taxation, and it lacks a signal to reflect the energy content of different products. This leads to the counterproductive situation where coal, the most polluting fossil fuel, is taxed considerably less than oil and gas, and diesel, which is more expensive than petrol before tax, being cheaper after.

"The new structure for energy taxation [under the RETD) will be based on two pillars," said Diemer.

Under the RETD, products will be taxed based on their energy content and their CO_2 emissions, with rates dependent on whether they are used for transport or stationary production such as heating homes.

The Commission has proposed to set the minimum tax at €9.60 ($13.70) a GJ for motor fuels, and 15 cents a GJ for heating fuels. The Commission has also proposed setting a minimum price on carbon in the revised ETD. Each tonne of CO_2 emitted will cost €20, which will contribute to the total tax rate.

"Any tax rate is somewhat arbitrary for political reasons," admitted Diemer, noting that prices will be reviewed over a 10 year transitional periods.

"Many environmental activists are critical of the timescale, but it was a mindful decision to give member states and taxpayers time to adapt," said Diemer.

Among the benefits of the RETD will be incentives for biofuels, which will be taxed based on their energy content like other motor fuels, but will be exempt from the CO_2 tax. The revision would also abolish generous exemptions for businesses.

Kai Schlegelmilch, vice president of GBE, welcomed the introduction of the CO_2 element, but argued the level of tax is too low.

"You need at least €30 a tonne to achieve our climate goals," said Schlegelmilch. "If the target is increased to a 30% emissions reduction, there will have to be an even higher rate."

Schlegelmilch did, however, consider a tax based on energy and carbon content to be the right approach. But he was not fully supportive of the possibility of a full exemption for biofuels because some are more important than others. He was also critical of the means of inflation correction in the rates.

"Inflation correction should correct for past devaluation of rates," said Schlegelmilch. One of the biggest concerns he raised was that the ban on fuel tax for aviation, shipping and fisheries would not be lifted under the RETD. "This is not justifiable since aviation is strongly increasing and the ETS will hardly impact on this," he said. "The Commission should have looked at removing this exemption at least as a bargaining chip."

Schlegelmilch wants to see the RETD come in alongside the adoption of the EU budget in 2012 which will have to be taken up unanimously.

Hans Larsen, representing the Danish Ministry of tax, agreed that the RETD will address many of the problems of the current Directive.

He argued that if national rates are above the minimum, all rates on different products should be aligned in a uniform way within that country.

Larsen discussed some of Denmark's ecological tax reforms in the last two decades, which have placed the country well ahead curve among EU countries. In 2010, Denmark brought in environmental tax on households and businesses and used the revenue to reduce income tax.

"The split into energy and CO_2 components [in Danish energy taxation] has not given rise to particular administration problems," Larsen reported, noting the positive lesson the Commission can take from this.

"Denmark will support the Commission's proposals, which are in line with Danish policy," he said.

The business perspective was provided by Ilja Lorenzo Volpi, policy adviser at the Community of European Railway and Infrastructure Companies.

"We are eager to see the new proposals linked to climate change," said Volpi, although he warned that the rail sector is threatened by double burden under the ETS and the ETD because of electricity usage.

Volpi was also concerned that the RETD does not eliminate the market distortion caused by the exemption for aviation.

"There is a CO_2 charge for railways and this for us is acceptable," said Volpi. "But we need a level playing field with higher polluting modes of transport taxed higher."

Diemer took this criticism on board, but argued that for practical and political reasons the aviation exemption was not considered in the RETD, although it may be up for discussion in the future.

"It's regrettable from an environmental perspective," said Diemer. "But this is dynamic and we're going in the direction of doing something."

Source:
http://www.internationaltaxreview.com/Article/2903597/Revised-Energy-Tax-Directive-welcomed-by-taxpayers-and-activists.html

Climate commissioner backs shift to environmental taxation in EU

[Salman Shaheen, International Tax Review, 23 September 2011] Hedegaard agreed with concerns from environmentalists at the conference who argued that the EU target of a 20% reduction in CO_2 emissions by 2020 is too loose to drive the carbon price signal.
"At the Commission, we've tried to keep the debate alive on moving beyond the 20% target," said Hedegaard. "As long as member states can't agree to stronger targets, we have to aim for 20% emissions reductions, but if we meet the 20% improvement in energy efficiency target as well, then it would be relatively easy to meet a 30% emissions reduction target."

Hedegaard argued that when targets are set in Europe they work by keeping governments focused.

"We're also on track to meet our renewables target," she said." But we're not on track to meet our non-binding energy efficiency target," the commissioner added, arguing that the target has to be made binding.

Hedegaard reported that while European manufacturing output has increased, two-thirds of industry respondents say the Emissions Trading Scheme (ETS) is working to cut emissions.

"The ETS could help national investments," said Hedegaard. "50% of revenue from the auctioning should be reinvested to support climate initiatives. Putting a price on carbon and making polluters pay does drive down emissions."

The Dane told delegates that she was convinced EU member states should move taxes from labour to resources and urged discussion on this paradigm shift.

"Tax less what you earn, tax more that you burn," said Hedegaard. Hedegaard argued that environmental taxation stimulates companies and consumers to invest in eco-friendly products. She noted that a significant majority of EU citizens favour a shift to resource taxation. "We can win this argument," she said. Hedegaard pointed out that at the moment €1 in every €14 of revenue raised across the EU comes from environmental taxation.

"But revenue from environmental taxes has declined since 2004," Hedegaard said. "The financial crisis was a lost opportunity."

Energy taxation accounts for three-quarters of environmental tax revenue, but even this, Hedegaard said, is declining.

The commissioner spoke enthusiastically about the revised Energy Taxation Directive, which will put a price on carbon as well as taxing products by their energy content.

"If we're to meet our goal of a sustainable low-carbon economy, we must bring our tax systems in line," said Hedegaard.

"You will see from the Commission that this is a paradigm shift," added Hedegaard. "It won't be an easy argument to win with member states, but we're pushing things in the right direction."

Source:
http://www.internationaltaxreview.com/Article/2905927/Climate-commissioner-backs-shift-to-environmental-taxation-in-EU.html

EU energy taxation rules 'must not exempt fishing'

[Republished with permission of ENDS Europe. A 14-day, no obligation trial is available from http://www.endseurope.com/home
19 September 2011] The 2003 energy taxation directive is worsening overfishing by preventing member states from imposing fuel taxes on fishing boats, delegates heard at a Green Budget Europe conference last week. The organisation promotes green fiscal reform in the EU. Edward Fahy from Irish research project Smart Taxes said the fishing industry is very inefficient, pointing out it uses 0.75 tonnes of fuel for every tonne of fish caught. The proposed revision of the directive would not lift the tax exemption for the sector.

If fuel charges were imposed, fishing boats would be forced to adopt more efficient practices, including switching away from trawling, Dr Fahy continued.

The draft revised directive, which was tabled by the European Commission in April, is likely to be adopted by the Council of Ministers next year. The European Parliament can only give a non-legislative opinion on the recast. Its economic affairs committee has assigned Luxemburger MEP Astrid Lulling as rapporteur. The proposal would impose two tax thresholds on each energy source outside the EU emissions trading scheme (ETS); one based on the fuel's energy content, the other on its CO_2 emissions. Over time, this would see minimum taxes for several types of transport fuel, most notably diesel, increase to a similar level to petrol taxes.

Green groups broadly support the idea but have concerns over a number of exemptions. Kai Schlegelmilch of Green Budget Germany (FÖS), said blanket bans preventing taxes on aviation and shipping fuels should be lifted to give member states more flexibility. He also recommended ending an exemption for nuclear fuel rods. NGOs would also like the minimum thresholds for taxes on domestic heating fuels raised. These are kept low to protect low-income households but environmental campaigners believe this reduces the incentive for energy efficiency improvements. It would be better, they argue, to compensate low-income families in other ways.

Spanish and UK parliaments have told the commission that its proposal does not meet EU rules on subsidiarity and that a more thorough impact assessment is required. In particular, UK MPs say the changes can only be justified if they are to improve the operation of the single market, and not for climate or environmental reasons.

Source:
http://www.endseurope.com/27146/eu-energy-taxation-rules-must-not-exempt-fishing

Global Conference on Environmental Taxation

[Jacqueline Cottrell, Green Budget Europe, October 2011] The GCET, that took place 20 – 21 October 2011 in Madrid and a number of interesting keynote speakers, including GBE Steering Committee members Professors Paul Ekins and Frank Convery and long-time member of the GBG advisory board, Professor Janet Milne.

Ekins presented modelling results which demonstrated that global cooperation on the introduction of a radical environmental tax reform in 2010 could have caused GHG emissions to decline by as soon as 2020 with relatively low impacts on GDP growth.

Convery explored the role of ETR in the current financial crisis, a topic also taken up by Professor Mikael Skou Andersen of the EEA, who explored the linkages - often overlooked - between the energy, climate and economic crises.

Andersen pointed out that one of main causes of rising energy prices and thus rising inflation and interest rates shortly before the subprime bubble burst was China having become a net importer of energy in 2007. The IEA predicts that energy prices will continue to rise significantly in the future, as Chinese energy consumption may as much as double in the next 20 years.

The systemic risk associated with this vulnerability to energy price variations has thus far not been sufficiently addressed by governments. However, improved energy and resource efficiency by means of EFR and other measures can provide countries with a great opportunity to make their economies more competitive.

Dr. Anselm Görres, GBG and GBE President, also presented a paper at the GCET exploring possibilities to link EFR with austerity measures and recovery packages in Southern European countries. GBE manager Jacqueline Cottrell presented the results of research commissioned by the World Bank on the potential for ETR in Europe and Central Asia to contribute to climate change mitigation

ÖKO logisch Steuern – chances and effects of Environmental Tax Reform

[Austrian Press Agency, 11 November 2011, translated by Monika Weber] At their conference “ÖKO-logisch Steuern” on 11 November 2011 in Vienna, the Oekobuero and the Eco-Social Forum have demanded again a comprehensive implementation of Environmental Tax Reform in Austria. Just in times of troubles, this could boost economy, create jobs and reduce looming payments of climate penalties and thus contribute to the reorganization of state budget. According to Oekobuero and Eco-social Forum countries like Finland, Sweden, Denmark but also Germany can act as model for Austria. In the year 1990 Sweden started to shift the tax burden from labour to eco-taxes. Thus the Swedish economy has grown from 1990 to 2007 by 48%- while the CO_2 emissions decreased by 9%. In Austria, the revenues from eco-taxes could gradually be doubled within 7 years to €13 to €15 billion. At the same time, the factor “labour” can be relieved both for employers and employees and the conversion towards sustainable energy schemes can be supported.

A survey among 300 Austrian net users aged between 16 and 30 years, which was carried out by Karmasin “motivation research” and commissioned by Oekobuero and Eco-social Forum support the demands of both institutes: 68% of those questioned supported ecological tax reform, when affecting individuals and businesses alike. “The basis for a sustainable economic system and greater independence of energy and resources is a tax reform that shifts the tax burden from labour to ecologically harmful activities”, the executive directors of Ökobüro and Eco-social Forum Markus Piringer and Klemens Riegler-Picker emphasized.

However, the survey also revealed that the majority of people questioned do not feel sufficiently informed about the possible advantages and disadvantages of a "green tax reform". "Only 27% have heard about ecological tax reform prior to the study, positive examples from other countries are not well known”, Sophie Karmasin said. But climate change is recognized as a serious challenge to human health and the society. From the perspective of the interviewees, the main responsibility to stop climate change rest at the side of individuals.

GBE further activities

Green Budget Germany/Europe call for the formation of a Green Budget Asia platform

In November, GBE and GBG appealed for the formation of a Green Budget network in East-Asia. The region is enjoying a considerable dynamic in favour of Environmental Fiscal Reform EFR and green growth at the present time. Green Budget Reform become more and more important in Asia as several activities and initiatives show. The recovery packages of South Korea or China contain great investments for a greener economy. In India, EFR measures include a green tax on vehicles over the age of 15 years and China is set to pilot an own emission trading scheme before 2015. Also the work of UN ESCAP on a East Asia "Low-Carbon Green Growth Roadmap" and the participation of many Asian countries in the workshop on EFR carried out by the German GIZ and the UNDP / UNEP in November 2010 in Bangkok, illustrate a growing interest in greening the economy by market-based instruments.

We think this development could be strengthened and influenced in a positive way by a network which is intended to encourage the interaction among governments, experts and advisers and to involve civil society to bring the topic of EFR and fiscal instruments to a wider audience.

Green Budget Europe would like to support such an initiative with knowledge and best-practices. To organize such a loose association of academic, political and economic EFR experts and to guarantee a rather unbureaucratic process, informal structures have proven their worth, as the experience with GBE shows.

To read the whole appeal, please follow this link.

The positive answers we have already received let us hope for a good and successful cooperation.

To offer you an overview, see some statements from our partners and friends:

"The easiest way of kick-starting an Asian platform would be to hold an international conference in Seoul, Korea, sometime next year, probably, in the mid-year [...]".
Soogil Young, Chairman of Green Growth Korea

"I think your initiative is constructive, forward-looking and useful. I would be very much interested in being part of this interesting venture".
Sitanon Jesdapipat, Acting Director at Center for Natural Resources and Environmental Management, Mae Fah Luang University, Thailand

"This is a huge task, especially in getting started, and would require resource support. But I am all for it and will be willing to take on a key role in this challenging task."
Rita Pandey, Professor at National Institute of Public Finance and Policy, New-Dehli

Position paper on the revision of the Energy Tax Directive

In cooperation with the NGOs Transport & Environment and the European Environmental Bureau GBE published a position paper on the revision of the Energy Tax Directive, which you can download here:
http://www.foes.de/pdf/Energy_Tax_Directive_2011revision-joint_GBE_EEB_TE.pdf

GBE, T&E and the EEB have also been lobbying in favour of the Directive and sent the following letter all EU Ministers of Finance, and also to the permanent representatives at the EU Council of all EU MS.

Read the letter

GBEs' demands for Rio+20

In the run up to the Rio+20 summit in June 2012, GBE formulated some demands for the outcome of this conference. You can read them here: http://www.foes.de/pdf/2011_11%20GBE_demands%20for%20Rio+20.pdf

GBE supports OCEAN 2012

In 2012 the European European Union's Common Fisheries Policy (CFP) should be newly arranged. For this reason, different organisations established the alliance OCEAN 2012. This coalition wants to ensure that the 2012 reform of the EU stops overfishing, ends destructive fishing practices and delivers fair and equitable use of healthy fish stocks. GBE became a member in September 2011.

More information:
http://ocean2012.eu/

Roadmap on environmentally harmful subsidies

Together with several environmental groups, GBE signed an initial letter to Commission President José Manuel Barosso for push forward a Roadmap for a reform on environmentally harmful subsidies (EHS). With our partners, this correspondence with the President and representatives of DG Environment has continued. Unfortunately, the Commission has still not published a Roadmap, in spite of requests from the European Council and European Parliament. We will continue to push for publication and for the Commission to do all it can to support Member States in phasing out EHS.

The initial letter is available here:
http://www.clientearth.org/reports/20110314-barroso-letter.pdf

GBG in the New York Times

Special honours to Green Budget Germany: A study made by Green Budget Germany got cited in an article of New York Times.

The article is about the German decision to back out of the nuclear energy programme and follow up the causes which laid to this step. According to the article one reason are the high subsidies to nuclear sector which the government is not willing to pay anymore: "On the other side of the equation, the government will no longer pay for nuclear subsidies, which, according to Greenpeace, have totaled about €200 billion, or about $285 billion, since West Germany began research and development of nuclear power in the 1950s. Subsidies last year totaled €4.1 billion, according to a recent study by Green Budget Germany (Forum Ökologisch-Soziale Marktwirtschaft), an independent environmental research organization."

Read the whole NYT article:
http://www.nytimes.com/2011/08/13/world/europe/13iht-germany.html?pagewanted=2&_r=2

Introducing ETR in Thailand

In July, Kai Schlegelmilch, member of board of Green Budget Germany and adviser for Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) – the state agency for promoting sustainable development – travelled to Thailand for advising the Ministry of Natural Resources and Environment on eco-tax proposals. This visit sent positive waves through media as you can read here.

4. GBN Special on European Resource Efficiency Roadmap

Commission sets out the path to resource-efficient growth

[European Commission, Brussels, 20 September 2011, summarized by Monika Weber]

Background and key points

The Roadmap the European Commission presented on 20 September is one out of seven flagship initiatives under the Europe 2020 strategy for a smart, sustainable and integrative economy. It is intended to be an answer to scarce resources and rising demand because of increasing population. But resource efficiency is not just seen as the way out of this dilemma but as important factor for growth and employment policies. Three points matter here:

1. Technological improvements
2. Conversion of systems for energy, industry, agriculture and transport
3. Changes in behaviour of manufactures and consumers

The Roadmap puts emphasis on four areas where special interim targets are defined. The first deals with the transition of economy and the transforming of production and consumption. Here, the Commission discusses incentives for investors to boost green innovation, strengthen the role of ecodesign, ecol-labelling and green public procurement, and to deliver research to fill gaps in knowledge.

Cutting environmentally harmful subsidies and green taxation are also issues here. Therefore, national governments have also been called upon to initiate corresponding measures. Their efforts will be controlled by the Commission through the European Semester. The European Semester is a governance mechanism initiated for a better coordination in financial and economical policies EU-member states. It qualifies the Commission to examine the national budget plans and to give recommendations which have to be considered.

Furthermore, the Roadmap deals with managing natural resources. The Commission defines 'resource' in a broad way to include minerals and metals as well as land, soil, water and marine resources (fish, plants), air and biodiversity as such.

In addition, the Roadmap identifies the sectors food, buildings and mobility as most resource inefficient and responsible for 70-80% of all environmental impacts. To deal with this, there should be both a reduction in the food waste and ambitious efficiency standards for new and old buildings.

Other parts of the Roadmap look at how policy integration and effective control could be reached. Deepening the dialogue between decision makers on European, national and regional level, broadening the European Semester to take resource efficiency aspects into account are measures mentioned here, as well as the evolution and revision of indicators (There is one main indicator mention in the Roadmap. The 'resource productivity' is understood as GDP/ material consumption. The problem here: There is no link to a resource.).

The Roadmap combines several timescales. There is a long-term vision of Europe in 2050, by which time the EU economy should have progressed in a way that respects resource constraints and planetary boundaries, thus contributing to global economic transformation.

It also contains number of short term measures, such as indicators to be agreed with the Member States by 2013, and a number of medium-term milestones which set the pathway to clear targets that are underpinned by indicators, mostly by 2020.

Reactions

How have environmental NGOs commented on the Commission's Roadmap, and what improvements have they suggested? The **European Environmental Bureau** (EEB) welcomed the Roadmap and praised it as step in the right direction. However, there were "effective regulatory instruments" missing. Leif Miller, chairperson of the **German Naturschutzbund** (NABU) said, that was important to decouple economic growth and resource consumption. Another point would be to take in consideration the absolute consumption of material. Ulrike Meinel, who works at NABU too, referred also to the lack of financial instruments in the roadmap and warned that relying on voluntary efforts activated by promotion schemes and exchange of best practices would not be sufficient.

Reinhard Bütikhofer, vice president and speaker for industrial policies for the green party in European Parliament, is generally satisfied with the plans of the Commission but misses concrete legislative proposals.

Next steps

On 19th December 2011 the EU Environmental Council will be held.

By the end of 2011: Work on environmental impact categories based on life cycle analysis data for the full production and consumption chains.

Early 2012: An ongoing study on the assessment of resource efficiency indicators and targets is investigating the feasibility of various options and should be ready to present results.

2012: Review of the EU the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan.

More information:
Read the Roadmap to a Resource Efficient Europe
Read the Commission's press release
Read the questions and answers
Read the statement of EEB

An overview of different position of environmental NGOs is also available on EurActiv (only German)

EU's green economy roadmap meets criticism

[EurActiv, 10 October 2011] The European Commission's roadmap for a resource-efficient Europe does too little to address environmental concerns, argue green campaigners while businesses have criticised it for ignoring the benefits eco-industries bring to the environment.

[...] Environment Commissioner Janez Potočnik refuted claims that the Commission had shied away from proposing binding objectives, saying the roadmap did not contain targets because there had not been enough time to carry out impact assessments. Gerben-Jan Gerbrandy, a Dutch liberal MEP who is drafting the European Parliament's position on the roadmap, agreed: "I am in favour of targets but smart ones, and I don't think we have them yet," he said. Under the roadmap, targets should be agreed by the end of 2013 with the aim of steering company's investments towards eco-innovation.

Choosing the right indicators

Potočnik also underlined that in order to propose targets, a consensus needs to be reached first among experts on which indicators are the most suitable for monitoring progress.

Work has already started, with examples including consumption based indicators on land, materials, water, carbon or energy. Life cycle-based indicators are also being developed by the Commission's Joint Research Centre with first results expected by the end of 2011. An assessment of existing resource use indicators should be ready by early 2012.

But before agreement is reached on the best indicators, the EU executive suggested measuring progress immediately by introducing a "resource productivity" indicator that would measure GDP against material consumption expressed in euros per tonne.

Environmentalists have criticised the indicator, saying it ignores land, water and carbon footprints. Businesses have also complained, claiming that the indicator should also take into account the environmental benefits of raw materials use, not just the damage.

Product footprint

The roadmap also seeks to address the environmental footprint of products, building on an ongoing assessment due in 2012. This could be done for example by expanding the scope of the EU's Ecodesign directive to non-energy related products.

While business stakeholders generally welcome the idea, some stress that the EU executive should be careful when assessing the environmental performance of products, such as their ability to be recycled or reused.

The European Aluminium Association (EEA) for example notes that "recycled content can not today be considered as a relevant indicator to predict which product will be most recyclable in the future".

Indeed, although metals are infinitely recyclable, they may sometimes not be recovered after decades. According to the European Environment Agency, aluminium has a life-cycle of up to 80 years in buildings for example.

For this reason, the metals industry is insisting on considering the whole life cycle approach when it comes to assessing the environmental footprint of a product.

Green taxation

In one of its potentially most controversial aspects, the Commission roadmap also suggests shifting taxation away from labour to resource use. Green taxes, it argues, are ultimately the only way to bolster a shift to a resource efficient economy.

The Greens in the European Parliament are calling for the Commission to come forward with a "Resource Taxation Directive" to "send a clear signal for investors". This could be done for example by broadening the scope of the existing Energy Taxation Directive.

However, taxation is always going to be controversial as EU action on the matter needs unanimity among member states, which keep the last word on taxation matters.

Business groups too tend to look with scepticism at any taxation initiative. The European Steel Association (Eurofer) prefers to place the emphasis on "technology related measures", such as improving the recyclability of products at the design stage. Life-cycle-based decision-making are "more applicable to manufacturing industries than price signals introduced by caps or taxes," it said.

On the consumer side, the European organisation BEUC says the Commission should coordinate ecological tax policies at national level and suggests introducing reduced VAT rates for green products and services.

A joint proposal to reduce VAT rates for green products was put forward by France and the UK in 2007 but it did not win enough support from other EU countries to move forward. BEUC does not give up on the idea and hopes the Commission will revive it when it reviews its sustainable consumption and production action plan in 2012.

Waste as a resource

One thing that everybody seems to agree on is to promote waste as a key resource in the EU's future economy.

But in order to feed waste back into the economy as a raw material, better functioning waste sorting and collection is a must while landfilling must be curbed.

Furthermore, products need to be designed for recycling in the first place, so that different resources can be more easily extracted when dismantled. Investments in modern facilities for waste treatment and high quality recycling are needed as well, stakeholders said.

Positions

Meeting in September, EU Industry Ministers highlighted the potential of the internal market as one of Europe's most important assets "which should be fully exploited to deliver more sustainable growth and resource efficiency," emphasising the need "to include these topics in consumer policy" as well. The ministers also stressed that it is particularly important to ensure that "the framework conditions for companies across the EU support their competitiveness and their transition towards greater resource efficiency".

Andrzej Kraszewski, Polish Minister of Environment said that economical and efficient use of resources also means to fight the "disposable character" of things – using things once and throwing them away – and to stop living on "ecological credit".

The Greens in the European Parliament regret the absence in the Commission's roadmap of clear targets aimed at improving resource efficiency and new concrete measures that can be implemented immediately. Dutch Green MEP Bas Eickhout noted that "Europe is the region most dependent on imports and, clearly, reducing our absolute consumption of imported resources should be an urgent priority now the era of cheap and plentiful resources is over."

But he was doubtful of that "the voluntary approach outlined by the Commission will suffice to realise a resource-efficient Europe."

The Greens believe that shifting taxation from labour to resource use is one way of promoting more efficient use of resources but regret that the Commission failed to present clear proposals to this end.

The group believes that the Commission should come forward with a "Resource Taxation Directive," such as by broadening the scope of the existing Energy Taxation Directive, which, it believes, "would send a clear signal for investors and ensure greater resource efficiency."

Tony Long, Director of the WWF's European Policy Office, argued that putting Europe on a road to resource efficiency "is not a luxury in these economically straightened times – it is an absolute necessity. European economies face nothing less than an economic transformation if the engines of economic growth are to start turning." While the Commission's Resource Efficiency Roadmap "is a step in the right direction" it is only a roadmap and "for the real transformation towards greener economies in Europe, it will be legislation, policies and new financial instruments that will make the difference," Long went on.

Pieter de Pous, policy director at the European Environmental Bureau (EEB), an green NGO, added that "either we will regulate the EU to become a resource-efficient economy or we will keep on dreaming about it."

"The EU's eco-design directive has shown its value in reducing the consumption of energy resources of products. If it is to do the same for all resources, it will require the adoption of binding targets," the EEB believes.

Friends of the Earth Europe (FoEE) said the roadmap "does not go far enough" in putting and end to Europe's dependency on imported resources or to end "the region's over-consumption of the world's water, land and other materials". Ariadna Rodrigo, FoEE's resource use campaigner said that "Europe's resource consumption is amongst the highest in the world. Our dependence on imports from the rest of the world is expensive for companies and consumers and is harming the environment and communities in the global south. Europe urgently needs to cut out waste and focus on quality of life, not excessive consumption – today's roadmap doesn't measure up to the task at hand." FoEE also regretted that the 'resource productivity indicator' that was selected in the roadmap, "only considers the weight of material resources – ignoring land, water and carbon footprints and their subsequent social and environmental impacts".

Michelle Wyart-Remy, secretary general of the Industrial Minerals Association (IMA-Europe), criticised the Commission's roadmap, saying that "using less is a very limited approach to eco-efficiency." Industrial minerals, for example, may enable savings in the downstream sector so "it is not by looking at how much you use that you will know how much you gain," she said.

"Sometimes you need to assess how the resource is of benefit to the particular usage you want to have, and you look at how it may reduce the energy consumption of the end application, how it may reduce the water consumption or how it may reduce the GHG emissions. So to achieve the manifold objective you have to make a selection of the best resource - not necessarily the one you will use in less quantity. A ton of platinum is not achieving the same performance as a ton of talc. So it is not a question of mass and volume – it's the question of the lifecycle."

Umicore, a Belgian-based global leader in waste recovery and recycling, welcomes the roadmap "well in line with World Business Council for Sustainable Development Vision 2050 to which we contributed. Umicore is eager to work with the rest of the supply chain to better understand the material flows. We encourage the Commission to work at developing appropriate indicators before introducing targets. There is strong need to discuss with all levels of society the appropriate economic instruments that will promote resource efficient behaviour while not hurting the economy and the competitiveness of European industry."

The company is advocating a move from the traditional waste business to quality high-tech recycling in order to close the loop on all materials. Stephan Csoma, Umicore's senior vice-president of government affairs, explained that recycling is made possible due to the value attributed to waste, or because the volume of waste, which includes vehicles at the end of their lives, is such that society can not cope with it. For Csoma, it would still make sense to recycle scarce and critical raw materials even though the process is not economically viable, because doing so would contribute to the EU's resource security.

The European Steel Association (Eurofer) welcomed "the balanced approach" of the road-map, which, it said, "demonstrates that technology-related measures based on Best Available Techniques or benchmarking are more applicable to manufacturing industries than price signals introduced by caps or taxes." "By emphasising design for recycling, recyclability of materials and life cycle-based decision-making the Roadmap provides the means to make the correct technology and material choices," it said. Eurofer director general Gordon Moffat said that "steel fits perfectly to this roadmap because the material is not only indispensable for high-tech and daily life products which build the basis of prosperity in Europe - but it is also endlessly recyclable without losing its properties."

The European Aluminium Association (EAA) also highlighted the properties of aluminium that can significantly contribute to resource efficiency, "namely endless recyclability, life-cycle perspective, and efficiency in the use phase". "In addition to saving up to 95% energy and greenhouse gas emissions compared to primary production, aluminium has the great advantage of being infinitely recyclable without a corresponding loss in quality," said Patrick de Schrynmakers, EAA secretary general. The EAA also welcomes the proposal to establish a common methodological approach to display and benchmark the environmental performance of products over their lifecycle (environmental footprint)

However, the EAA "strongly encourages the EU institutions to use the right parameters when assessing the environmental performance of products. In particular, recycled content cannot today be considered as a relevant indicator to predict which product will be most recyclable in the future. Rather it is necessary to look into the end-of-life recycling phase, in order to see the complete picture of the whole product lifecycle."

Such an approach is needed because aluminium has a "very long lifecycle – between 10 and 20 years in transport and between 50 to 80 years in buildings," it said, noting that currently more than 70% of the aluminium ever produced is still in use.

Eurometaux, the European Association of Metals industries, welcomed the roadmap's strong focus on recycling and said it feels that the specificities and performance of the nonferrous materials can "significantly contribute to a resource-efficient and more circular economy". It also welcomes the development of correct indicators, given that they are based on "a true understanding of the material flows and of the industrial value chains" and that any targets are defined through a constructive dialogue with stakeholders on that basis

Eurometaux said it was concerned however about "the end-of-waste criteria, which in our view are opening the door to more exports of valuable materials outside Europe - and hence to less recycling in Europe."

The Nickel Institute also noted that it is important that true life cycle thinking is the basis of a resource efficiency roadmap, and that both impacts but also benefits from using resources are taken into consideration.

While the roadmap mentions life cycle thinking, it often talks only about environmental impacts occurring in parts of the life cycle. "Many raw materials such as nickel have a certain environmental impact occurring during their production and manufacture, but they also create a lot of environmental benefits during their use and when being recycled," it stressed. The Nickel Institute was sceptical of the roadmap's long term objectives on "zero waste" and "full recycling", saying these "are neither achievable nor will they create benefits for the environment and economics". "Primary supply and recycling complement each other, not only presently but also in the future." The Nickel Institute thus supports "meaningful targets on recycling, knowing that roughly a third of the global nickel use already is covered through nickel recycling".

Plastics Europe, the trade association representing the European plastics manufacturers, welcomed the roadmap's focus on the lifecycle approach and on treating waste as a valuable resource. "The plastics industry is committed to contributing to Europe's resource efficiency by promoting the use of plastics in insulation, packaging, and transport; by developing innovative sustainable applications for its products and by promoting best practice in recycling and energy recovery," said Wilfried Haensel, PlasticsEurope executive director. The association also fully supports the goal of the EU to eliminating landfill in Europe by 2020 and is calling for better enforcement of existing European legislation in this area, in particular in relation to plastic waste.

CEFIC, the European chemicals industry trade group, said it believes the chemical sector "is squarely placed to hold a leading role to more effectively use the planet's limited resources." It said that the roadmap opens up opportunities for innovation – an area where the chemicals industry sees itself in a leadership position. The chemical industry "is poised to have a lead role through a concrete public-private partnership in cooperation with other European process industries. In addition, advanced materials produced by the chemicals sector help address efficiency challenges faced by the housing and transport areas," CEFIC stated.

Willy De Backer, head of the Greening Europe Forum at Friends of Europe, a Brussels-based think tank, said the roadmap "is probably one of the better sustainability policy proposals to come out of the Commission lately, but it still has some major flaws." "The diagnosis of the resource predicament is excellent but the remedies are still too much inspired by the traditional economic growth paradigm and the Commission still ducks the question of the ecological and energetic limits to growth."

De Backer said the roadmap still clings to the "ideological obsession" of economic growth and keeps betting on the myth of "decoupling" although lots of studies provide enough scientific evidence that absolute decoupling is not possible.

Source:
http://www.euractiv.com/specialreport-recycling-society/eus-green-economy-roadmap-meets-criticism-news-508223

5. Green Budget Reform in European Member States

Tax reforms in European member states 2011

[European Commission, 05 October 2011, summarized by Monika Weber] This report was prepared jointly by DG ECFIN and DG TAXUD of the European Commission and analyses recent trends in tax revenues and tax reforms in EU Member States.

There is also a chapter dealing with environmentally friendly taxation (p. 35f. and 112f). The report presents an overview of the latest changes in taxes related to green budget issues. It notes that excise duties on energy and other environmental taxes have been increased in a large number of Member States. Germany introduced a tax on nuclear fuel. Also, Austria and Germany introduced a duty on airline tickets for planes leaving from domestic airports. Air passenger duty was increased in the United Kingdom, too. In Finland, energy taxation has been restructured to take into account the energy content and CO_2 emissions of energy products. Ireland introduced a tax on CO_2 emissions, and Slovakia introduced a tax on ETS quotas allocated free of charge.

Several countries have implemented changes to car taxation. Austria, Belgium, Finland and the Netherlands have increased the CO_2 incentives in car registration tax. In the case of Belgium and the Netherlands, this has taken the form of a reduction for cars with CO_2 emissions in specific brackets.

Recurrent taxes on car ownership were changed in Greece, where the road tax on motor vehicles, which is calculated on the basis of the engine capacity and the environmental impact, was increased. In Finland, the annual vehicle taxes were also changed to take the CO_2 emissions of each vehicle into account. Latvia introduced an annual tax on car ownership in 2010 […]

The report points out that regarding austerity measures and budget consolidation there is not much room for environmental policy measures on the expenditure side. Therefore it is of great importance to "use the taxation framework as efficiently as possible".

The emphasis is put on two areas. Environmentally harmful tax subsidies have to be phased out and incentives to reduce emissions have to be provided. To achieve this, consistent tax rates between different products would be necessary. The report stresses the need for action in following areas: The lower VAT rates on electricity and gas, which undermines the goal of saving energy and the taxation of company cars. Especially Austria, Estonia, Portugal, Slovakia, Spain and the Netherlands do not take fully into account the benefit of a company car created by the fuel the company provides. Fuel costs are not completely included in the tax base for company cars and thus the incentives for private use of company cars are high.

In addition, the report criticizes the current structure of excise duty rates on fossil fuels, which do not reflect the energy property. That is why most of the European energy tax structures support fuels that are less energy-efficient or have more detrimental effects on the environment. The study points out that relative tax rates should rank close substitutes correctly to their environmental and energy properties. Against this background the report names the low tax rates on diesel in opposite to petrol. In particular Belgium, Germany, Greece, France, Luxembourg, the Netherlands, Portugal, Slovakia and Finland show a preferential tax treatment of diesel.

See the study:
http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-5_en.pdf

Luxembourg unveils energy efficiency tax credits

[Ulrika Lomas, Tax-News.com, 21 September 2011] Luxembourg's Finance Minister Luc Frieden and Housing Minister Marco Schank recently unveiled key details of different fiscal measures designed to encourage energy efficiency improvements in properties in Luxembourg.

Underlining the ecological, economical and social aims of the new provisions, Finance Minister Frieden explained that the government elected to reform the existing tax credit provisions in the wake of mounting criticism, while at the same time endeavouring to ensure greater coherence with the government's housing policy [...].

With reference to the economic dimensions of the new provisions, Luc Frieden noted that improvements to existing properties will lead to additional employment.

Luxembourg's Housing Minister Marco Schank explained that in accordance with the new plans, the €20000 tax credit will be divided into two equal parts, each to the value of €10000. Although all property buyers will be entitled to receive the first €10000 tax credit unconditionally, the second tranche of €10000, referred to as the 'supplementary energy tax credit', will be subject to new conditions relating to the energy performance of a purchased property. These conditions vary according to the energy classification, the minister continued. [...].

Source:
http://www.tax-news.com/news/Luxembourg_Unveils_Energy_Efficiency_Tax_Credits____51563.html

Belgium: Eco tax plans in budget proposal

[Ulrika Lomas, Tax-News.com, Brussels, 22 November 2011] Fresh talks on Belgium's 2012 budget are once again at breaking point, with the six leading parties failing to agree on new proposals put forward by chief negotiator Elio Di Rupo, with divisions arising primarily on the key issue of taxation [...].

At the end of July, Di Rupo had outlined plans for five major reforms, notably plans for a "rigorous" budget to consolidate the state finances.

Among the key tax measures contained in Di Rupo's proposed new package were plans to impose a temporary 0.5% crisis tax on wealth in excess of €1.25 million, to increase the tax levied on company cars, with a greater burden imposed on larger vehicles, and to introduce a plane ticket tax on first and business class tickets. Other tax initiatives destined for discussion included plans to increase the taxation of dividends and capital gains.

Source:
http://tax-news.com/news/Belgian_Budget_Talks_At_Breaking_Point____52603.html

Denmark: Big steps in the matter of environment and climate

[Danish Government, Copenhagen, October 2011, summarized by Monika Weber] At the beginning of October the new Danish centre-left government presented its work programme which shows ambitious targets in the fields of environment and climate. By 2020, the government wants to achieve both a cut off of carbon by 40% and an energy supply made up half of wind power. At European level the Danish want to achieve a reduction of subsidies for agricultural sector and a 30% reduction of CO_2 by 2020.

See the work programme (only available in Danish):
http://stm.dk/publikationer/Et_Danmark_der_staar_sammen_11/Regeringsgrundlag_okt_2011.pdf

France eyes new carbon tax in 2012 budget

[EurActiv, 29 September 2011] France's conservative government is including a new one-off carbon levy in its €11 billion cuts package, but weakening growth may spell even more belt-tightening to meet sacrosanct deficit targets.

France's statistics office confirmed, the government would introduce an exceptional surcharge for industrial firms using carbon dioxide emissions quotas, worth some €250 million next year. A government official confirmed the one-off measure but declined to comment on its revenues.

The French newspaper Le Figaro reported that the tax would vary between 0.08% and 0.12%, rather than a more complicated per-tonne levy on emissions [...].

For further reading, please follow this link.

France eyes domestic oil tax rise

[Ulrika Lomas, Tax-News.com, 11 October 2011] The French government is reportedly considering the idea of reducing the existing tax break on domestic oil used as motor fuel by farmers, in return for lowering social contributions in the agricultural industry.

Eager to improve the competitiveness of labour-intensive sectors of the country's agricultural industry, including the fruit and vegetable sectors, the government aims to reduce social contributions in 2012 by around €1 an hour at the minimum wage level, at a cost to the state of around €200 million.

Given the need to source a further €100 million to finance the reduced social contributions for farmers, the government is now said to be examining the idea of either reducing by 10% the tax break on domestic oil, or reducing the deduction for investment (DPI).

Having recently scrutinized forty tax breaks in France currently benefiting French farmers, the General Inspectorate of Finance (IGF) pointed out in its follow up report that even though the tax shelter pertaining to domestic oil contributes to competitiveness in the industry, the provision is nevertheless at odds with the government's environmental aims, and overlaps with another tax shelter, notably the tax rebate on energy products [...].

Source:
http://www.tax-news.com/news/France_Eyes_Domestic_Oil_Tax_Rise_51881.html

Road charge on lorries in France

[Michael Cramer, MEP, 11 November 2011] From middle of 2013, France wants to levy a toll on all lorries over 3.5 tonnes for their use of highways and many national roads, which are free of charge up to now. The charge will be about €0.12 per kilometre and it is estimated to collect revenues to the amount of €760 million. Those will be used for the railway system. There will be a reduced toll in regions which are not easy to reach so that they won't get uncoupled. In his press release, the member of European Parliament, Michael Cramer, praise the French plans: "France shows how to combine climate protection and a more equitable financing of transport infrastructure, because the new charge on lorries will bring in the users for the coping of costs and will generate revenues for the benefit of environmentally friendly alternatives like railway." [...]

Source:
http://www.michael-cramer.eu/presse/pressemitteilungen/single-view/article//frankreich-auf-der-ueb/

Poland introduce distance-based lorry charge

[Scott Wilson, Roadpricing.blogspot 16 September 2011] From 03 July 2011, Poland became the sixth country in Europe to implement a national heavy vehicle tolling system based on distance travelled. The system applies to all vehicles over 3.5 tonnes using a network of 1,560 kilometres of national road. The level of the toll varies according to vehicle weight and emissions class.

While Poland's economy has been one of the most buoyant in Europe during the economic downturn (in part because it does not use the Euro, has kept its public finances in a good state and has enjoyed substantial repatriation of funds from expert Poles working elsewhere in the EU), it has substantially grown its truck sector exponentially. It has entered the German and other neighbouring country road freight markets, undercutting local competition and keeping prices low. As a result, the Polish government sees this system as a way of getting the thriving (though very low margin and competitive) truck sector to make a fairer contribution to the costs of the network it depends on, given Polish truck operators are paying such tolls in neighbouring Germany, Czech Republic and Slovakia [...].

Source and further reading:
http://roadpricing.blogspot.com/2011/09/polands-heavy-vehicle-national-toll.html

Finland's 2012 budget shifts taxation focus

[Ulrika Lomas, Tax-News.com, 19 September 2011] Finland's government has unveiled details of its 2012 budget proposal, providing for cuts in expenditure of around €1.1 billion ($1.5 billion, and for a raft of fiscal measures aimed at shifting the focus in taxation away from labour and entrepreneurship, towards environmental and health-based taxation.

Commenting on its budget proposal, the government states in its release that: "Taxes on earned income and corporate income will be eased the most whereas excise duties, especially energy, passenger cars and alcohol and tobacco, will become heavier."[...].

Source:
http://www.tax-news.com/news/Finlands_2012_Budget_Shifts_Taxation_Focus____51507.html

Czech cabinet approves free CO_2 permits and will raise energy taxes

[Roman Gazdik and Robert Muller, Reuters, 21 September 2011] The Czech government approved a plan to allocate a part of carbon dioxide emission allowances for free to electricity producers in 2013-2020 and will raise energy taxes to make up for the lost revenue [...].

Read more:
http://www.reuters.com/article/2011/09/21/us-czech-co2-cez-idUSTRE78K6EQ20110921

UK: Government unveils Green Deal scheme

[Will Nichols and James Murray, GreenBusiness, 23 November 2011] Long-awaited details on the UK's plans to overhaul the nation's building stock were outlined on 23 November 2011 by Chris Huhne, Secretary of State for Energy and Climate Change who promised that the government's high profile Green Deal scheme will drive £14 billion (ca. €16.2 billion) of investment in energy efficiency measures.

The energy and climate change secretary launched the Green Deal consultation in Parliament as part of his annual Energy Statement, predicting the measures would not only protect property owners from rising energy bills but also support at least 65,000 insulation and construction jobs by 2015

The government has identified that around 43% of the nation's emissions come from building stock and it cannot meet its ambitious carbon budgets without a dramatic improvement in energy efficiency.

Huhne also highlighted the potential market the Green Deal scheme will create, which Ernst & Young estimates could be worth £800 million (ca. €928 million) a year by 2020, predicting the measures would pull in £14billion (ca. €16.2 billion) worth of private investment over the next decade.

"The Green Deal is also a massive business opportunity for firms up and down Britain, helping to power the economy and creating jobs," Huhne said. "From one man bands and local authorities, to the big supermarkets and DIY stores, we want as many providers getting involved as possible because that's what will give consumers the best deal."

The scheme allows businesses, landlords, and homeowners to install packages of energy saving technologies such as insulation at no upfront cost, repaying the loan through a surcharge on energy bills over 25 years. Crucially the repayments have to be lower than the savings realised as a result of the energy efficiency measures, meaning participants in the scheme should end up better off [...].

Source and further reading:
http://www.businessgreen.com/bg/news/2127288/government-unveils-gbp14bn-green-deal-scheme

Greece suspends fuel prices caps

[Reuters, 16 October 2011] Greece will suspend a cap on petrol prices imposed to protect consumers from price-gouging after a court ruling suspended a strike by customs officials that had been expected to disrupt fuel supplies, the government said [...].

Read more:
http://www.reuters.com/article/2011/10/16/us-greece-strike-idUSTRE79F1QU20111016

Spain: Sustainable economy act

[Spanish Government, 6 March 2011] The Spanish Government passed a Sustainable Economy Act which is in force since March 2011. The act is part of the Spanish government's sustainable economy strategy intended to promote economic growth and change of production models and includes several principles that shall guide the action of public authorities [...].

More information:
http://www.lamoncloa.gob.es/IDIOMAS/9/Gobierno/News/2011/08032011_SustainableEconomyAct.htm

Germany: Final end of coal-mining

[Deutscher Bundestag, 15 April 2011, Monika Weber] The decision of the German Parliament made it final: The extraction of coal will be finished by the year 2018.

The abandoning has already been decided in 2007. But the corresponding legislative act contained a clause according to which the decision shall be checked in 2012 one more time. So, there existed a theoretical possibility for continuing coal-mining after 2018. By this decision, the final end is fixed now.

Is Germany going to levy a toll?

[21 October 2011, Monika Weber] The German Transport Minister Peter Ramsauer is proposing to charge car drivers for their use of motorways. According to Ramsauer, such a road tolls would provide justice for German car drivers who have to pay for the use of motorways in most other European countries, while foreign drivers do not have to pay tolls when they drive through Germany. The minister's proposal will levy the toll on car drivers, without taking into account the vehicle's fuel consumption. The toll has been drawn up to finance the building and maintenance of motorways and is not regarded as environmental policy instrument. The lack of a distinction both between heavy and light vehicles and between those who use their cars a lot and very little is the most problematic weakness in the minister's plans.

Ramsauer's proposal is also contested within Government. Chancellor Angela Merkel has ruled out a toll being introduced during the current legislative period. The Transport Minister for the land of Baden-Wuerttemberg – also a member of the Green Party – supports the broadening of the existing levy charged on lorries. There are still many exemptions, e.g. free motorway use for lorries of less than twelve tons. In addition, it could be possible to levy tolls not only on motorways but on main roads, the minister said.

Sources and more information:
http://www.handelsblatt.com/politik/deutschland/koalition-streitet-heftig-um-pkw-maut/4688694.html

http://www.stern.de/politik/deutschland/pkw-maut-in-deutschland-ramsauer-haelt-autobahn-vignette-fuer-unausweichlich-1735054.html

Hungary: Environmentally related taxes rise

[András Lukács, Clean Air Action Group, Hungary, 01 November 2011] On 1st November 2011, the ex-cise duty on petrol and diesel oil increased from HUF 97.35/litre to HUF 110.35/litre (from €0.324 to €0.367). This means that motor fuel prices in Hungary are now around the EU average price (see www.energy.eu). The tax rules for commercial diesel introduced in the beginning of this year remain in force, which means that for trucks with maximum laden weight of 7.5 tonnes or more, HUF 19.5/litre (€0.065) can be refunded from the excise duty.

The excise duty on most alcoholic drinks has also been raised by 5 percentage points to 50%. The excise duty on tobacco will also be increased in three steps (November 2011, May 2012 and November 2012). Gambling taxes on slotmachines have been increased substantially, too.

A so-called public health tax (called by everyone the "chips tax") was introduced in September 2011. It is levied mainly on products with high sugar or salt content, like pre-packaged savoury products, biscuits, fizzy and energy drinks. According to the government, the tax is necessary to help change bad eating habits and combat obesity. The revenue from the tax is expected to raise about €74 million in 2012. It might even bring much higher revenues, as the new tax bill which is now before the Hungarian Parliament foresees an increase and extension of the tax.

The registration tax, the annual car tax and the company car tax is also to be increased according to this tax bill. The taxes would be much more differentiated according to environmental characteristics of the vehicle than until now. However, as several proposals for amendments have been put forward by parliamentary members of the governing party alone, it is not clear yet what the final version of the tax law will contain. The fee on transferring the ownership of vehicles will also rise.

A so-called accident tax, namely a 30% tax on motor vehicle insurance, will also be introduced in 2012. It is foreseen that there will be a yearly revenue of about HUF 27 billion from this tax.

The environmental product charges already increased in 2011 and according to the tax bill the raise will be even much greater in 2012. The revenues from these charges will increase from HUF 21 billion (€70 million) in 2011 to HUF 60 billion (€200 million) in 2012. The environmental product fee on plastic packaging would be raised from HUF 56 to HUF 150 per kilogram. The fee for bottles would rise from HUF 7 to HUF 20 and the fee for metal packaging would climb from HUF 286 to HUF 350. The fee for plastic shopping bags would be increased from HUF 1,300 to HUF 1,500 per kilogram. The fee for mobile telephones would jump from HUF 100 to HUF 500.

In the past in Hungary, there has been an enormous subsidy for household gas use. This year, this subsidy has been greatly reduced, and further cuts are planned. This is partly beneficial because the subsidy to a fossil fuel will decrease, making energy efficiency measures more profitable and helping the promotion of district heating. On the other side, a negative effect of this subsidy elimination is to be expected: many households are changing to much more polluting energy sources, like wood and coal. In poor households even waste (paper, plastics etc.) is being burnt, which is extremely detrimental to human health.

VAT will increase from 25% to 27%, the highest in the EU, and will generate HUF 150 billion in revenue annually. Social security tax will also increase, bringing HUF 112 billion to the public budget in 2012.

Hungary: Environmental agencies suffer enormous cuts

[András Lukács, Clean Air Action Group, Hungary, 01 November 2011] In 2012 the budget of the public authorities will be greatly cut. This will hit the environment especially hard. Already this year the environmental authorities suffered a budget cut of 40 %, and next year their budget is to be reduced by a further 30%. The public health service, the plant protection service and other controlling authorities will also be seriously hit by the budget reduction. Environmental NGOs have pointed out that these cuts will make environmental and nature protection control by the state practically impossible, and the environment as well as the health of the population will be put in serious danger. Due to the weakness of the authorities and therefore the lack of proper control, there have been already quite a number of scandalous events during the last few years. Among others one of the biggest industrial catastrophes in Europe occurred in Hungary, in which 10 persons died and about 150 were seriously injured: the red sludge spill. One of the main causes of this catastrophe was the fact that the environmental authorities did have time to control the red sludge reservoir on the site, but they renewed the permit for operation only on the basis of the documents submitted by the company owning the reservoir.

The state support to NGOs is also greatly reduced. One of the main sources of funding for NGOs is the National Civil Fund (NCA). Its budget was reduced from HUF 7 billion in 2010 to HUF 2.8 billion in 2011, and it will be only HUF 1.4 billion in 2012. Other sources of state funding for NGOs are also disappearing. As result many NGOs will cease to operate, and others will greatly reduce their activities. Environmental NGOs are already having have serious difficulties in exercising public control over environmentally harmful activities and in working for the improvement of the environment. Coupled with spending cuts affecting environmental authorities, this poses an extreme danger for the human environment and public health in Hungary – and also in other countries, because pollution does not stop at state borders.

6. Reform on European Level

News from the Energy Tax Directive from the ECOFIN

[Jaqueline Cottrell, Green Budget Europe, 10 November 2011] The Energy Tax Directive was on the agenda for the ECOFIN – The Council of Finance and Economic Ministers of the European Union – on 8th November 2011. There had been some concern that changes would be made to the substance of the Commission's proposed revision. In the end, however, the Directive was not discussed, contrary to expectations and agenda.

The press release after the ECOFIN notes that the ETD was withdrawn because of "a clear division amongst delegations in relation to the content of the Commission's proposal. It indicated that the Council's working group will be asked to carry out detailed work on the proposal in a practical and realistic way." What this means is that the revision has survived and be discussed in the working groups in its present form. We are hoping for significant progress during the Danish Presidency, which we expect to be supportive of the revision and to push for significant progress during its 6 month Presidency. Watch this space for more new on the ETD in the coming months.

In the following, we have collected some background information on Energy Efficiency Directive, starting with a summary of the Commission’s proposal and some comments of organizations and EurActiv.

European Commission presents proposal on Energy Efficiency Directive

[European Commission, Brussels, 22 June 2011, summarized by Monika Weber] Latest estimates made by the Commission, show that the EU is still far from being able to achieve its objective to reduce by 20% the EU's anticipated energy consumption for 2020. To achieve this objective and to prepare the way for new improvements in energy efficiency, the Commission presented a legislative proposal for a Directive on energy effi-

ciency. It builds upon the existing Directives for Co-generation (2004/8/EC, CHP Directive) and Energy Services (2006/32/EC, ESD) and merges them into one.

Proposed measures:

Legal obligation to establish energy saving schemes in all Member States: energy distributors or retail energy sales companies will be obliged to save every year 1,5% of their energy sales, by volume, through the implementation of energy efficiency measures such as improving the efficiency of the heating system, installing double glazed windows or insulating roofs, among final energy customers.

Alternatively, Member States have also the possibility to propose other energy savings mechanisms, for example, be funding programmes or voluntary agreements that lead to the same results but are not based on obligation on energy companies.

Public sector to lead by example: public bodies will push for the market uptake of energy efficient products and services through a legal obligation to purchase energy efficient buildings, products and services. They will further have to progressively reduce the energy consumed on their own premises by carrying out every year the required renovation works covering at least 3% of their total floor area.

Major energy savings for consumers: easy and free-of-charge access to data on real-time and historical energy consumption through more accurate individual metering will now empower consumers to better manage their energy consumption. Billing should be based on the actual consumption well reflecting data from the metering.

Industry: Incentives for SMEs to undergo energy audits and disseminate best practices while the large companies will have to make an audit of their energy consumption to help them identify the potential for reduced energy consumption.

Efficiency in energy generation: monitoring of efficiency levels of new energy generation capacities, establishment of national heat and cooling plans as a basis for a sound planning of efficient heating and cooling infrastructures, including recovery of waste heat.

Energy transmission and distribution: achieving efficiency gains by ensuring that national energy regulators take energy efficiency criteria into account in their decisions, in particular when approving network tariffs.

Read the proposal and the press release.

The European Council and the European Parliament have already made comments on the Directive.

Energy Efficiency: A missed opportunity

[Coalition for Energy Savings, Brussels, 22 June 2011] The European Commission's proposal for an Energy Efficiency Directive represents a serious setback to the EU's stated commitments to achieve energy savings.

The Coalition for Energy Savings calls on the European Parliament and Member States not to give up on the 20% energy savings commitment by 2020. The draft Directive must be substantially strengthened if Europe is to realise the huge potential of energy efficiency for the climate, the economy, and society. The lack of a clear process for the planned review in 2014 is also worrying to the Coalition, since it may mean that the decision on the introduction of binding targets could be deferred until the next European Commission.

"The measures proposed provide Member States with too much scope to limit their obligations. They are also insufficient to make up the lost ground in reaching the EU's energy savings target by 2020," states Monica Frassoni, President of the European Alliance to Save Energy.

Last year the Commission committed itself to presenting binding measures rather than binding targets to achieve energy savings. However, the Coalition stresses the need for more ambitious measures in the Directive, particularly in relation to the renovation of public buildings, and energy savings obligations.

Marta Toporek, climate and energy lawyer at ClientEarth, says: "The Commission has set a target for public buildings renovations of 3 per cent each year. This could be a good start – but it won't provide the energy savings anticipated unless the Directive requires deep renovations, properly verified through energy performance certificates. It's also crucial that the renovation target applies to all public buildings, regardless of size. Furthermore, legislation which triggers the allocation of public funding and the release of private investment is urgently required. "

The Coalition for Energy Savings emphasises that energy saving obligations should remain a key binding measure for all Member States. It also underlines that the energy savings obligations within the proposal require proper monitoring and verification to ensure that they deliver absolute energy savings.

Source:
http://energycoalition.files.wordpress.com/2011/06/coalition-eed-press-release-final.pdf

Energy savings deal pushed back to 2012

[EurActiv, 25 November 2011] Poland, which currently holds the six-month rotating EU presidency, presented a progress report on the draft energy efficiency directive at a meeting of the Energy Council on 24 November.

The report included amendments pushed by member states requiring more "flexibility" in achieving the proposed targets.

Most EU member states "are not convinced of the approach and request flexibility to design schemes best suited for their circumstances," the Polish presidency said, after holding consultations with all national delegations.

Member states were invited to present their positions but no extensive discussion was held at the meeting as views remain far apart. "If there will be a discussion, then it will be at a political level," Polish presidency sources told EurActiv.

Moves towards a political compromise are expected to start only as of 2012. "We expect the talks with the European Parliament to start during the Danish presidency," a Polish presidency source said.

The progress report centred around the three targets contained in the draft energy efficiency directive:

- A national obligation for energy companies to reduce consumption among "final consumers" by 1.5% annually;
- A 3% refurbishment target for public buildings;
- Setting up a "national heating and cooling plan" to promote heat and power co-generation as well as renewable energy in heating and cooling.

The first target is considered by experts as the one which "can really make member states take concrete action".

Dutch reject binding target for energy companies

The flexibility changes sought by member states include replacing the cut-off 1.5% annual savings target with a gradual increase in objectives as well as the possibility to extend the time-period at national level in order to adjust to local circumstances.

But it was also abundantly clear that most do not want "a binding sectoral target," EurActiv was told. "It is a complex issue, in which all member states have a high interest," an EU source said.

Germany, backed by The Netherlands, is hostile to the directive's flagship 1.5% savings target for energy companies.

Meanwhile, other countries such as Italy, France and Denmark, which already have supplier-side obligations, support the proposed scheme if some changes are introduced.

Pascal Dupuis, head of the climate and energy efficiency department at the French Ministry of Ecology, said France supports the idea "99%". Speaking at a conference organised earlier this month by EurActiv France, Dupuis claimed the directive includes good ideas but says it is "too prescriptive at times".

More information:
http://www.euractiv.com/energy-efficiency/energy-savings-deal-pushed-back-2012-news-509206

Commission exposes its flagships for Rio+20

[European Commission, Brussels, 20 June 2011, summarized by Monika Weber] In June 2012, the United Nations Conference on Sustainable Development (UNCSD) will be held in Rio. This so called "Rio+20" Conference (because it takes place in Rio where 20 years ago the first summit of this kind was held) sets a focus on two topics: a) Green economy in the context of sustainable development and poverty eradication and b) the institutional framework for sustainable development. Regarding this event, the Commission set out a Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions where its views on outcomes for Rio+20 are outlined.

For making economy green, the Commission stretches the need for policies in three dimensions. 1. The "What": Investing in the sustainable management of key resources and natural capital. 2. The "How": Establishing the right market and regulatory conditions and 3: The "Who": Improving governance and private sector involvement.

Market-based instruments

The Commission intends market-based and regulatory instruments an important role, especially taxes, tradable permits and environmental subsidies are mentioned: "Fiscal reforms that shift tax burdens from labour to environmental impacts and energy can create win-win outcomes for employment and the environment. Cap and trade systems, such as the EU Emissions Trading Scheme, have proven to be effective markets instruments". In addition, the Commission sees environmentally harmful subsidies as "major obstacle for a greener economy. They perpetuate unsustainable practices and direct financial resources from needed green investments."

In addition, the Commission expects Rio+20 to make a progress in developing alternative measures for economic growth. So the Commission writes: "Rio+20 should promote the transparency of national reporting and agree on the use of environmental accounting and robust indicators at national and at global level in order to measure this wider sense of progress in addition to GDP".

Access the document under this link.

Internalising external costs in the transport sector – new Eurovignette allows charging of environmental costs

[Helen Lückge, Green Budget Germany, 06 October] On September 12th, the Council finally approved the European Parliament's proposal for the revised Eurovignette Directive. After a long discussion, this new version of the Directive allows the consideration of environmental costs in road charging for heavy goods vehicles. Like the German road toll for lorries, existing fees were designed as financing instruments for the costs of road infrastructures. According to the new Directive, external costs of noise and air pollution can be integrated into European road pricing systems and a stronger differentiation of charges is allowed to smooth traffic flow.

The external costs of air pollution for a heavy goods vehicle of Euro class IV would represent 3 – 4 ct/km, depending on whether the road is located in an urban or inter-urban surrounding. For the external costs of noise, amounts between 0,3 and 2 ct/km are added additionally, according to the time of usage and the location of the road. If the vehicle emits more, higher additional charges for air pollution are possible. On the other hand, vehicles complying with Euro V and VI standards will be exempt from environmental charges until the end of 2013 respectively 2017 to set incentives for the modernization of the fleet.

In addition, the stronger differentiation of charges makes it possible to manage traffic flows effectively and avoid peak periods. This restriction on selected elements of environmental cost has to be understood as compromise and therefore as first step. In one of the first proposals for this directive a consideration of full external costs, including climate costs, traffic jams and accidents was proposed.

Even though the new European guidelines have to be seen as compromise, Green Budget Europe welcomed this new development and will engage for the implementation of the directive. With the consideration of external costs for noise and air pollution not just the "polluter-pays-principle" would be taken into account but additional incentives would be set for modernization of the vehicle fleet and the shift from road to rail.

Eurovignette revision approved as states step up activity on road charging

[Transport & Environment, 29 September 2011] The long-running saga of the EU's rules on road use charges for heavy goods vehicles has come to an end – at least for now – with final agreement on the third version of the Eurovignette directive. The directive comes into effect as several states, both inside and outside the EU, are introducing or considering road user charges.

The revised directive breaks new ground in the sense that it allows for certain external costs to be charged for (air and noise pollution, and congestion), but it does not allow member states to charge for the costs of climate changing emissions from lorries. Lorries can also be charged for such externalities on all motorways, rather than just roads belonging to the trans-European transport network [...].

Read the whole article:
http://www.transportenvironment.org/News/2011/9/Eurovignette-revision-approved-as-states-step-up-activity-on-road-charging/

European Parliament calls for statement regarding transport policy

[Social-Democratic Party, Germany, 01 November 2011, translated by Monika Weber] The European

Parliament demands an equal VAT treatment for all traffic carriers. Martin Burkert, railway expert of the parliamentary group of the social democrats in Germany comment on this:

The European Parliament demands an uniform taxation of traffic carriers making cross-border transport capacities, harmonized rules for depreciation and a “green VAT”, meaning that energy-efficient and environment friendly services are charged with reduced tax tares. The EU-Parliament wants the Commission to work out a corresponding Directive.

We welcome the demand for a review of taxation of single traffic carriers and want the federal minister for transport Peter Ramsauer to advocate a new comprehensive concept of transport on European level. This is possible within the context of implementation of the EU White paper on transport but also during the discussion about the EU Green paper on VAT. In doing so, the implementation of a so-called “Green VAT” should be checked, too. By revising the taxation rules it is important to take into account the special international terms of competition for every traffic carrier.

Source:
http://www.spdfraktion.de/cnt/rs/rs_dok/0,,58847,00.html

ETS and aviation: Commission sets details about free allowances

[EurActiv, 27 September 2011] The European Union has announced that it will give airlines 85% of their carbon emission permits for free in 2012, under a new benchmarking scheme that will cap emissions at below their average for the years 2004-2006. Permits to pollute any more than that will have to be bought in an auctioning scheme, or traded in the Emissions Trading Scheme (ETS). From 2013 until 2020, the percentage of free allocations will be reduced to 82%. The EU executive estimates that this will save 72 million tonnes of CO_2 a year by 2020 […].

Read more:
http://www.euractiv.com/climate-environment/eu-hits-top-10-airlines-historic-carbon-benchmarks-news-507930

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1077&format=HTML&aged=0&language=EN&guiLanguage=en

More than 20 countries to declare joint opposition to EU ETS

[Awery.net, 04 October 2011] Governments of more than 20 countries – including the US, China, Russia, India and Brazil – have agreed on a joint declaration opposing the inclusion of aviation in the EU's Emissions Trading Scheme starting in 2012, India Ministry of Civil Aviation joint secretary Prashant Sukul confirmed to ATW at the World Route Development Forum in Berlin.

Three more countries have agreed on the content but still need to complete "internal administrative processes" before officially signing the declaration, he said. The contents of the joint declaration were agreed to at a two-day meeting organized by the Indian government last week in New Delhi.

The joint statement voices opposition to the EU's "unilateral imposition" of the ETS on aviation, asserting that it is "inconsistent with applicable international law" and the Chicago Convention, and calls on the "EU and its member states to refrain from including flights by non-EU carriers to and from an airport in the EU in its emission trading system." […].

More information:
http://awery.net/news/471

European Court rules aviation emissions trading plan is legal

[James Murray, BusinessGreen, 06 October 2011] Advocate General rejects US airlines’ 'unconvincing', 'untenable', and 'erroneous' argument. The top advisor to the European Court of Justice, Juliane Kokott, said the EU's plans to include all flights into and out of the region in its emissions trading scheme are legal, rejecting the argument put forward by a group of US airlines […].

More:
http://www.businessgreen.com/bg/news/2115039/european-court-rules-aviation-emissions-trading-plan-legal

Read the Court's press release.

EU ETS: EC’s Delbeke argues for setting aside CO_2 permits

[Peter Koh, stopwarmingeu.com, 31 May 11] CO_2 allowances will have to be ‘set aside’ from the third phase of the EU’s Emissions Trading System to ensure that other policies which lower CO_2 emissions, such as energy efficiency, do not undermine the carbon price and other efforts to re-

duce emissions, Jos Delbeke, the head of the European Commission's climate directorate argued.

Speaking at a panel discussion in the European Parliament, Delbeke said "If we go for other instruments, we need to make sure they work together and that they do not undermine each other."

"That is why at DG Climate we put forward the idea of a 'set-aside.'" "If we do not set aside allowances, then CO_2 reductions, greater energy efficiency and clean technology investments will be undermined by a low carbon price. This is a question that is being debated in the commission," he added.

Were the commission to go ahead and set aside allowances, those industries that will from 2013 receive some allowances for free – based on benchmark industry-emission levels – would not be negatively affected, Delbeke said.

"Any discussion on the set-aside would not interfere with benchmarks. The set-aside idea is linked to the auctioned portion of allowances. If anything, setting aside allowances would increase the value of those that are given away for free, so benefiting those industries covered by benchmarks." 'Setting aside' allowances would effectively reduce the number available for EU businesses to buy at auctions, a move that would encourage a higher price.

But the commission is reluctant to propose that the set-aside allowances be cancelled, to avoid opening up the EU's emissions legislation to wider debate. "If we cancel any allowances, we would have to change the ETS directive. But setting aside is not cancelling, it is 'parking' and we do not think that would require a change to the directive. Opening up the directive would create a lot of uncertainty and that's not what we want. That's why the set-aside idea has to be clarified before 2013 (when the third phase of the ETS begins)".

'Setting aside' allowances rather than cancelling them could also create uncertainty, as it implies the possibility that they might eventually be reintroduced [...].

Further reading:
http://www.stopwarming.eu/?news&id=531

The EU ETS and energy efficiency: friends or foes?

[Emilie Alberola and Anaïs Delbosc, CDC Climate Research, 11 July 2011] The last fortnight in June saw the European CO_2 allowance price fall sharply (-20%) before stabilising between €13 and €14. This correction of expectations was due to various announcements made by the European Commission, which could call the allowance supply-demand balance into question between now and 2020.

At a time when a long-term European climate and energy strategy is being defined, following the publication of the Roadmap 2050 last March, the issue of the EU ETS' contribution to that strategy is in question.

The Commission proposed the following measures through its draft Energy Efficiency Directive:

improving energy efficiency by 20% by 2020 compared with a business as usual scenario, based on significant measures for some EU ETS sectors; envisaging appropriate measures, in order to maintain the economic incentives granted to the EU ETS via its price signal, including recalibrating the EU ETS by setting aside a corresponding number of allocated allowances from the portion that will be auctioned between 2013 and 2020, if a corresponding political decision should be made.

These two measures alter the EU ETS players' allowance supply-demand and pricing expectations very significantly.

The first measure could lead to a potential reduction of between 400 and 450 Mt CO_2 in aggregate emissions between now and 2020; this number will nonetheless need to be revised depending on the measures chosen among the range of options on offer. Despite the uncertainty, highly alarmist allowance price estimates drawn from the impact study have been put forward. These estimates probably contributed to the negative reaction of the EU ETS in an environment where the political consensus is fragile, as the European Council of June 21st did not want to raise the European 2020 emission reduction target.

In the long term, market analysts' forecasts are still going upwards despite a €5 correction. On average, 2020 allowance price estimates amount to €25.

The second measure brings the Commission proposal known as the set aside option, which was already mentioned in March 2011, back into the frame: the proposal was to withdraw between 500 and 800 million allowances between phase 2 and phase 3 of the EU ETS, in order to counterbalance the expected Phase 2 allowance surplus, which is the result of the economic crisis. The Commission's aim reflects its intention to maintain a higher pricing level within the EU ETS, which appears to contradict its aim to cap emissions at lowest cost.

The market's reactions to both proposals are an incentive for the European Commission to clarify the timeframe and the EU ETS' contribution to its long-term climate and energy strategy.

Since the aim of the EU ETS is to set a quantitative emission reduction target, introducing post 2020 goals linked to the possibility of saving the unused allowances could lead to improvements in the players' forecasts, and to early emission reductions, as was the case for the US SO2 market. Nonetheless, other parameters, such as the direction of technological choices, need to be approved by complementary policies that are consistent with the EU ETS, like developing renewable energies, low-carbon technology R&D, and improving energy efficiency.

In the short term, Jos Delbeke, Director General of the European Commission's DG Climate Action, has defused some concerns by reaffirming that the EU ETS was still the central pillar of Europe's climate change policy on June 27th. In the medium and long-term, the European Commission's next major task, after dealing with the EU ETS' security and regulation in early 2011, could well be the credibility of a long-term carbon constraint and of its consistency with energy policies. The adoption of the Energy Roadmap 2050, which is scheduled for 2012, will be a determining factor in this process.

Source:
http://www.cdcclimat.com/The-EU-ETS-and-energy-efficiency.html?la

Another article about the topic "EU ETS and energy efficiency directive" you find here.

7. Green Budget Reform Worldwide

Australia: Carbon Price Mechanism passed by House of Representatives

[Wayne Gumley, Faculty of Business and Economics, Monash University, Melbourne, 13 October 2011]
Green budget reform took a strong step forward in Australia when legislation for a proposed Australian 'Carbon Tax' (mentioned in GBN No 28 at p 35) was passed by the Australian House of Representatives on 13 October 2011.

The 'Clean Energy' legislative package was passed with support from four cross bench members who provided a slender majority of 74 votes to 72. The legislative package now goes to the Senate for a vote in early November. It is expected that the legislation will have a smooth passage through the Senate where the Greens hold the balance of voting power. This achievement follows a very long and bitter political battle over many years littered with misinformation campaigns and broken promises on both sides (see ABC online: Carbon price pulls through anti-climate change furore at http://www.abc.net.au/unleashed/3569210.html).

The Opposition leader Tony Abbott has vowed to repeal the legislation as his first priority after the next election should he become leader (and he is well ahead in the polls at this point). However by the next election the scheme may be well entrenched and beyond dismantling with billions of dollars of tax cuts and other compensation already distributed. The effect of the Clean Energy package is that from July 2012, the largest industrial emitters of greenhouse gases in Australia (about 500 in number) will pay a fixed price of AUD$23 (ca €17) for every tonne of carbon dioxide equivalent greenhouse emissions. This will be achieved by creating a legal obligation for liable entities to acquire (and surrender) sufficient 'carbon units' (permits) to match the entities annual greenhouse emissions each year. This fixed price system is planned to operate for the first three years until July 2015, and then transition to a flexible price system where permit prices are to be determined by an auction process and secondary markets (ie. a cap and trade system).

In the flexible price period, the 'cap' limiting the number of permits available will be set for a period of 5 years in advance. The Government will issue regulations setting the first five years of caps no later than 31 May 2014. However, if regulations are not agreed by that date the a default cap will be set to meet an emissions reduction target of 5 per cent below year 2000 levels by 2020. In the early stages, the scheme will provide generous compensation to emissions intensive industries and households. Emissions from agriculture are not covered by the scheme at this stage but a new Carbon Farming Initiative will enable farmers to be issued tradeable carbon credit units in return for carbon sequestration and reducing emissions through improved land use practices. Emissions intensive trade exposed industries will be given over 90% of their required permits for free, with this assistance being reduced gradually each year.

The electricity generation sector (highly reliant upon coal at present) will receive substantial cash assistance over 6 years to assist transition to lower emission intensity. Households will receive substantial income tax cuts which will overcompensate for the expected increase in the cost of living. There is also a very large funding package for new investment in renewable energy and other emission reduction initiatives.

In summary this will be one of the most far reaching reforms of the Australian economy in recent memory. Ironically the revenue gained from sale of carbon permits in the first three years will be outweighed by the cost of the various compensation arrangements. Thus there is not going to be a strong price signal for a few years yet. Nevertheless it is a bold move which will realign business incentives in Australia and promote far more responsible approaches to the use of fossil fuels and other greenhouse intensive activities.

The Clean Energy Plan is described in full at: http://www.cleanenergyfuture.gov.au/clean-energy-future/securing-a-clean-energy-future/

The text the legislative package can be viewed at: http://www.climatechange.gov.au/government/legislation.aspx

USA: Obama administration moves to double auto fuel efficiency by 2025

[James Murray, BusinessGreen, 17 November 2011] On 17 November, the Obama administration confirmed long-awaited plans to crank up auto fuel efficiency standards to 54.5 miles per gallon (mpg) by 2025, a doubling of current average fuel efficiency.

The move came as President Obama made his first detailed public comments on climate change policy in months, reiterating his commitment to cutting carbon emissions while admitting it would be a "tough slog" to get a global climate change agreement.

The proposed new standards build on current fuel efficiency rules which require automakers to improve average efficiency from 27 mpg to 35.4 mpg by 2016.

The new standards, which were trailed earlier this year, will now be subject to consultation and are expected to be rubberstamped next summer before coming into effect from 2017.

Under the rules, new cars would have to deliver an annual fuel efficiency improvement of 5%, while light trucks, vans, pick ups and SUVs will have to improve at a rate of 3.5 to 5 per cent.

According to the government the measures will reduce US oil imports by up to 2.2 million barrels a day by 2025, equating to almost a quarter of current imports.

However, the proposals could yet face political obstacles with a Committee in the Republican-controlled House of Representatives currently investigating whether federal or state rules should govern fuel efficiency […]

Source:
http://www.businessgreen.com/bg/news/2125699/obama-administration-moves-double-auto-fuel-efficiency-2025

To provide information on and to gain support for the contested carbon price tax, the Climate Institute in Australia is exploring new avenues. It provides an independent online tool, where households can weigh up their own costs and find about financial support and potential savings under the carbon price. Try it:
http://www.yourcarbonprice.com.au/

Switzerland: Environmental tax reform as object of prestige

[Hubert Mooser, Basler Zeitung, 1 November 2011, summarized and translated by Monika Weber] An ecological tax reform should secure the reelection of Eveline Widmer-Schlumpf, Suisse Federal Councillor for Finance and bring sympathy from left and green parties. In an interview, she explained that it was not enough just to drop out of nuclear energy. One had to show as well how to realize this exit and how to support the saving of energy and renewable energy sources. Although there is no consensus on her proposal in the Fed-

eral Council so far, Widmer-Schlumpf continues the launch of this revolutionary reform, as she calls it.

The target of the reform is to provide tax relieves for labour and capital – for example by reducing ancillary wage costs and taxes (profit tax, stamp duty, income tax, VAT). In return, a tax on energy would be charged. In a first period, this would be a tax on oil, nuclear power and even hydropower. Later one had to pay some kind of ‘control duty’ even for renewable energies such as solar, wind and biomass. The intention behind this is to move companies and households to a more sparing use of energy while creating growth and prosperity at the same time.

There is disagreement about the question how to arrange this tax reform in practice. A comparison made by the Department of Finance revealed that a mixed variant could have the most balanced effects. Accordingly, a portion of revenues from the energy tax would be used to reduce the current income burden of second earners. The remaining revenues would be redistributed by tax credits or reduced contribution to health insurance.

On part of the companies the emission duty on equity capital would be abolished and at best the turnover tax. The remaining revenues could be used for the reduction of the federal tax for legal entities.

Source:
http://bazonline.ch/schweiz/standard/Das-revolutionaere-Projekt-von-WidmerSchlumpf/story/27451035

South Africa explores carbon tax policies

[Lorys Charalambous, Tax-News.com, 20 October 2011] Within a white paper delineating South Africa’s climate change policy, the government has called for a range of economic instruments, including market-based instruments such as carbon taxes and emissions trading schemes, together with tax incentives.

In the white paper, issued by Water and Environmental Affairs Minister Edna Molewa, the South African government has given its key carbon-emitting sectors, including energy and transport, two years, to October 2013, to finalize ‘carbon budgets’. Those budgets should abide by the official objective that the country’s greenhouse gas emissions (GGEs) should peak in the period from 2020 to 2025, remain stable for around a decade, and decline thereafter in absolute terms […].

Read more:
http://www.tax-news.com/news/South_Africa_Explores_Carbon_Tax_Policies____52056.html

China: Additional fuel-pricing changes

[Businessweek.com, 12 October 2011] China the world's biggest energy user, may announce changes to its fuel-pricing system by the year-end and adjust gasoline and diesel tariffs more regularly to curb consumption growth.

Oil companies may also be allowed to make price adjustments within a range set by the government, Hong Kong-based Bernstein analysts led by Neil Beveridge and Michael Parker wrote in a report […].

More:
http://news.businessweek.com/article.asp?documentKey=1376-LSXFAU6JTSEC01-4P19MTCUVNDQ4VFJB3VL0LN1OP

China extends resource tax nationwide

[Mary Swire, Tax-News.com, 11 October 2011] China’s State Council has announced that the resource tax on domestic sales of crude oil and natural gas will be extended nationwide, with effect from November 1, 2011. Initially, from June last year, China imposed a new resource tax on oil and gas extracted in the western province of Xinjiang, and then extended it to all of the western provinces last December. At the time, the government disclosed that the tax would be extended to the whole country within five years, but that decision has now been brought forward […].

Source:
http://www.tax-news.com/news/China_Extends_Resource_Tax_Nationwide____51887.html

China: Tighter emissions standards and CCS to cut emissions

[BusinessGreen, 22 September 2011] China is stepping up its battle to contain spiralling emissions by tightening airquality standards for thermal power plants, and accelerating steps to develop a domestic carbon capture and storage industry.

A Ministry of Environmental Protection report published today outlines proposals to reduce levels of sulphur dioxide, nitrogen oxide and soot from the country's thermal power plants, which account for just under three-quarters of its total generating capacity.

Mercury discharges from coal burning and emissions from gas-fired boilers are also set to be restricted for the first time, while environmentally-sensitive regions are likely to see tougher standards imposed when compared with the rest of the country.

The measures will come into force from the beginning of 2012 and could require a 260 billion yuan (ca. 30.2billion) investment from power companies.

An additional outlay will also be needed to kick-start the development of carbon capture and storage (CCS) plants, with Wan Gang, minister of science and technology, telling a conference today that the government is planning to double spending on CCS over the next five years to 400 million yuan (ca. €46.4 million).

Wan said he expected the government funding to attract a further 2.3 billion yuan (ca. €266.9 million) of private sector investment, more than double the 1 billion yuan invested between 2006 and 2010.

His speech came the day after French engineering giant Alstom announced it had signed a deal with China Datang Corp to capture carbon dioxide from power plants and store it in China's two biggest oilfields.

Source:
http://www.businessgreen.com/bg/news/2111207/china-banks-tighter-emissions-standards-ccs-cut-emissions

China: Fuel-saving strategies to be extended

[Wei Tian, China Daily, 17 September 2011] The threshold for subsidies on fuel-saving vehicles in China will be raised on Oct 1, the Ministry of Finance (MOF) said on Friday, further extending efforts to reduce emissions in the world's largest auto market [...]. For example, the fuel consumption standard for cars weighing between 1.2 and 1.32 tons will be lowered to 6.3 litres or less for each 100 kilometres, compared with the previous level of 6.9 litres.

The new rules will also reduce the 16 original vehicle weight categories to seven classes, while implementing a coherent standard of 6.7 litres for all cars weighing more than 1.32 tons.

It is estimated that more than 70% of the current 427 fuel-saving models will no longer be eligible for the subsidies.

China started to distribute subsidies to qualified automobiles with engines of 1.6-liter or smaller in June 2010, as part of an effort to fulfil the country's goal of cutting emissions for each unit of GDP unit by 45% by 2020 [...].

Source:
http://www.chinadaily.com.cn/cndy/2011-09/17/content_13724348.htm

Iran gasoline import slump softens sanctions blow

[Daniel Fineren, Reuters, 18 October 2011] Iranian gasoline imports have slumped by as much as 95% over the last four years, according to official government data, as rising refinery capacity and lower fuel subsidies help neutralize western sanctions aimed at starving Tehran of fuel.

Iran's inadequate refinery infrastructure and rampant internal demand intensified Iran's gasoline import dependency until 2007 – a vulnerability that western governments have targeted by blocking fuel supplies to pressure Tehran over its disputed nuclear programme.

But gasoline imports have fallen from 204,000 barrels per day (bpd), or 32.47 million litres a day in June 2007 to at least a 10-year low of 10,000 bpd (1.59 million litres) in June 2011, according to Joint Data Initiative (Jodi) figures, while seasonal peak imports were down nearly 70%in January 2011 from highs of 244,000 bpd in January 2007.

Thanks to fuel rationing, a four-fold pump price hike and Iran's increasing ability to refine its own oil, the share of imports in Iran's gasoline supplies has dipped from around 40% a few years ago to less than 5%, putting pressure on Washington and Brussels to find new ways to squeeze Tehran economically [...]

Source:
http://af.reuters.com/article/energyOilNews/idAFL5E7LI2G620111018?pageNumber=1&virtualBrandChannel=0&sp=true

South Korea announces green energy plan

[BusinessGreen, 17 November 2011] South Korea plans to plough 35.5 trillion won (ca. €23.2 billion) into renewable energy, nuclear power and emission reduction projects in a coordinated bid to boost exports and domestic employment.

The south east Asian nation aims to claim a 10% share of the global green energy market by the end of the decade, and boast one of the world's top five energy industries, according to a statement issued today by the Ministry of Knowledge Economy.

The government will commit 18.2 trillion won (ca. €11.6 billion) of investment, and aims to match the funding with private sector investment.

It estimates that, by 2020, the programme will have generated 202 trillion won (ca. €132 billion) of export revenue, 59 trillion won (€38 billion) of domestic sales, and created 914000 jobs.

South Korea has brought in a swathe of green policies and spent 3.77 trillion won (€2.3 billion) between 2006 and 2010 on developing low carbon sectors in a bid to curb emissions and cut expensive oil imports[…].

Source:
http://www.businessgreen.com/bg/news/2125848/south-korea-announces-gbp20bn-green-energy-plan

Nigeria: Experts list conditions for removal of fuel subsidies

[Juliet Alohan, Leadership, 26 August 2011] Following the disclosure by the Minister of Finance, Dr. Ngozi Okonjo-Iweala, that the federal government had concluded plans to completely withdraw petroleum products subsidies, experts have listed conditions that should be met before executing the plan […]

Read further:
http://leadership.ng/nga/articles/4333/2011/08/26/fuel_subsidy_experts_list_conditions_removal.html

Indonesia: Call for increased fuel price

[The Jakarta Post, 11 September 2011] The deputy chairman of House of Representatives Commission IX overseeing financial affairs, Harry Azhar Azis, says that the government should raise the price of subsidized fuel next year.

"Increasing the price of subsidized fuel is a necessary step to be taken this year or next year," he said on Sunday, as quoted from tempointeraktif.com […]

Source:
http://www.thejakartapost.com/news/2011/09/11/govt-should-increase-fuel-price-next-year-latest-lawmaker.html

8. Links and Publications

Study shows high emissions from growing biodiesel from palm oil

[Transport & Environment, 21 November 2011] Biofuels produced from palm oil grown in tropical peatlands are a significant source of greenhouse gases. This is the finding of a new study done for the International Council on Clean Transportation (ICCT) which, if taken on board by the EU, would disqualify biofuels from palm oil sources from being counted towards the EU's renewable fuels targe […].

Soure and more information:
http://www.transportenvironment.org/News/2011/11/Study-shows-high-emissions-from-growing-biodiesel-from-palm-oil/

Renewable electricity: The cheapest energy source for Europe by 2050

[German Advisory Council on the Environment (SRU), 03 November 2011] On the basis of calculations for 36 countries in Europe and Northern Africa the SRU concludes that a power supply completely based upon renewable sources by 2050 is achievable at average costs of €65/MWh. "“Renewable electricity will become the cheapest source of energy throughout Europe“", says the lead author of the report Prof. Dr. Olav Hohmeyer. The calculated costs are significantly lower than the pessimistic assumptions of the draft EU Energy Road Map 2050.

The SRU launches the scenario results for each of the 36 countries in the European and Northern Africa region together with the English version of its special report „Pathways towards a 100% renewable electricity system“. The scenarios assume a cost-optimized mix of renewable energy sources and a high level of national self-sufficiency. Wind power is for most European countries the cheapest technology, in the Mediterranean region high shares of solar power can also be expected. A completely renewable electricity system, that guarantees security of supply at every moment throughout the year, is achievable at system costs of €65/MWh including the cost for grid expansion and storage. In countries with comparatively greater renewable potentials costs can even be lower. The pump storage potential in Norway is sufficient to function as the “green battery” of Europe […].

In his special report, the SRU emphasizes that a supportive European framework is pivotal for a national energy transition towards renewable energies. The SRU recommends that the EU formulates ambitious binding targets for renewable energy for the year 2030 and that the future European electricity grid systematically has to match the needs of growing shares of renewable sources in the electricity mix. However, the SRU considers the harmonization of support schemes not appropriate, as the conditions in member states are too different.

More information and link to the report, here.

New Eurostat data on electricity prices

[Eurostat, November 2011] The latest Eurostat statistics on electricity prices for household consumers show, that in 2011 European households have to pay on average €0.1275 per kWh. This means an increase of 4.77% in comparison to the 2010. The figures express the "pure" costs for electricity generation and distribution, without taxes or subsidies and are hence suitable for comparisons. The data reveal that Bulgarians and Estonians have to pay the least (€0.0688 respectively €0.0704) whereas people on Cyprus and Malta are charged the most (€0.1597 respectively €0.1615).

The prices for industrial consumers in EU-27 increased about 1.41% compared to 2010. An industrial consumer has to pay €0.0926 per kWh on average. The price of €0.0616 is the least in Estonia. But also the Finnish price to the amount of 0.0686 is less when compared to the €0.1800 that have to paid on Cyprus. Industrial consumers are also charged comparatively high in Slovakia (€0.1233) and Ireland (€0.1121).

See the whole statistics:
http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=ten00115

and

http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=ten00114&plugin=1

Ernst Ulrich von Weizsäcker criticizes low recycling rates of metals and calls for green tax reform

[EurActiv.com, 13 October 2011] Against the background of a latest published report on low recycling rates of metals, Ernst Ulrich von Weizsäcker, co-chair of the United Nations Environment Programme's International Resource Panel and member of Green Budget Germany's Advisory Board, gave an interview to EurActiv.com.

The panel found out that 34 of the 60 metals studied have a recycling rate below 1%. Even high demanded metals for electronic goods are concerned. "We are wasting 99% of our rare earths", von Weizsäcker said.

Because the Panel's reports on technologies how to decouple economic growth from natural resource consumption would not induce countries to action, von Weizsäcker expects the European Commission to initiate corresponding measures. Von Weizsäcker would like to see the EU executive table a proposal for fiscal instruments that encourage resource productivity, meaning a tax shift from labour to resources.

Shifting taxation from labour to resources "would be very clever, because it would make the EU more competitive in fields that really count on world markets," he argued, listing as examples energy efficiency and metal savings. The scarcity of metals, biomass and others makes "it absolutely reasonable to have price signals making the scarce factor dearer and an abundant factor less dear," he pursued. [...]

Read the interview.

OECD and IEA recommend reforming fossil-fuel subsidies

[OECD and IEA, 04 October 2011] Governments and taxpayers spent about half a trillion US dollars last year supporting the production and consumption of fossil fuels. Removing inefficient subsidies would raise national revenues and reduce greenhouse-gas emissions, according to OECD and IEA analyses [...].

To assist governments' understanding of the nature and scale of their policies supporting fossil fuels, the OECD has compiled the first-ever Inventory of Estimated Budgetary Support and Tax Expenditures For Fossil Fuels.

http://www.oecd.org/document/15/0,3746,en_21571361_44315115_48804623_1_1_1_1,00.html

Link to the studies:
http://www.oecd.org/site/0,3407,en_21571361_4877693_1_1_1_1_1,00.html

CO_2 emissions from fuel combustion 2011

[International Energy Agency, October 2011] How much CO_2 are countries emitting? Where is it coming from? With this new report, the IEA wants to inform the debate on climate change up to the UN climate negotiations in Durban end of November. The report provides information on the level and growth of CO_2 emissions, their source and geographic distribution.

Download the report:
http://www.iea.org/co2highlights/co2highlights.pdf

Funding Europe's future – how cohesion policy 2014 – 2020 can deliver for Europe's people and environment

[CEE Bankwatch and Friends of the Earth Europe, October 2011] This report by CEE Bankwatch Network and Friends of the Earth Europe considers Cohesion Policy and its financial instruments, the Structural and Cohesion Funds (SCF), as the EU's key investment tools to shift Europe's regions on to a sustainable development path – SCF have a vital role to play in tackling climate change, stopping biodiversity loss and reversing the trend of resource over-consumption [...]

Link to the study:
http://bankwatch.org/sites/default/files/FundingEuropesFuture.pdf

Carmaker fuel efficiency cost claims misleading

[Transport & Environment, 29 September 2011] The average car sold in Europe last year was 4% more fuel efficient, emitted 4% less CO_2 and was 2.5% cheaper in real terms than a year earlier, according to a new report. The new figures, which continue recent trends, severely undermine industry claims that legally-binding fuel efficiency targets would make cars 'unaffordable' [...].

Source and link to the report, you find here.

Historical role of federal subsidies in shaping America's energy future

[DBL Investors, September 2011] With their study „What would Jefferson do?" the two analysts from DBL Investors want to contribute to the never ending debate in the US about the appropriateness of federal subsidies to the energy sector. They look back in history and consider different sorts of federal support, from land grants for timber and coal in the 1800s to todays federal investment in hydroe-lectric power. The analysts consider those grants as incentives for energy innovation and hence as measures for generating growth. So the authors found out that renewable energy are not over-subsidized compared to federal grants to emergent energy sources earlier in history.

Further information:
http://i.bnet.com/blogs/dbl_energy_subsidies_paper.pdf

Overview of eco-innovations in Europe

[Eco.Innovation Observatory, September 2011] The Eco.Innovation Observatory provides an overview of eco-innovation in the EU. According to their eco-innovation score-board Finland, Denmark, Germany and Austria perform best. The analysis is based on 13 indicators out of the fields eco-innovation inputs, eco-innovation activities and eco-innovation outputs as well as environmental outcomes and socio-economic outcomes and can be read in the country report for Austria:

http://www.eco-innovation.eu/images/stories/Reports/Austria.pdf

Iran: Who are the winners of the subsidy reform?

[Alireza Zarei, Iranicum.com, August 2011, summarized and translated by Monika Weber] Like most of the oil-exporting countries, Iran subsidized energy costs to its population. In view of rising prices for oil and the wasteful petrol consumption of the Iranians, a reform was absolutely necessary. It is estimated that the Iranian government lost \$50-60 billion by the subsidy. Therefore, it was removed at the end of 2010. At the same time, the government decided to distribute half of the savings to households by direct transfers so tat they could afford the rising costs of energy. This grant is about \$80 and is paid every second month to every person per household. For the middle classes in urban areas, which are already faced with higher prices in their urban surrounding anyway, the grants do not make a big difference. Mainly, they inure to the benefit of poor classes of population. For those, the payments represent a huge boost in income. In a working paper the IMF remarks: "For the poor who benefited little for cheap domestic energy price, the compensation would represent a large share of their income, lifting virtually every Iranian out of poverty" (http://www.imf.org/external/pubs/ft/wp/2011/wp11167.pdf). A five-member family receives a monthly payment by about \$200. An amount that enables

them to meet their food needs easily. These transfers "gave the government a powerful public relations and moral argument in support of the reform", the authors of the IMF paper wrote.

According to a Governour of the Central Bank, the reform already had remarkable impacts on energy consumption. The enormous price increases for gasoline and diesel fuel (gasoline costs is nearly four times as much and diesel even 19 times as much, compared to the situation before the reform) already had positive impacts on energy consumption. According to the Governor of the Central Bank it went down by 6%.

The high energy costs weigh heavily on industry. Therefore, 30% of the savings are made available to industry sector to support the reconstruction of machines and energy saving measures. The remaining 20% are used for government and state enterprises which are facing higher energy prices as well.

Source:
http://iranicum.com/2011/08/irans-unterschatztes-wirtschaftspotential/1519.html

Mainstreaming the environment and climate change in the post 2013 EU budget

[IEEP, August 2011] On 29 June 2011, the European Commission formally tabled its proposals for the 2014-2020 EU budget. 'Mainstreaming' is put forward as the principal mechanism for financing environmental priorities. This approach is welcome as it can realise important co-benefits for different policy areas. However, the success of a mainstreaming strategy depends on its operationalisation and the current approach needs further development.

The IEEP paper analyses the proposed mainstreaming of climate change, biodiversity and resource efficiency in the Commission's proposals for the next EU budget. It underlines the positive elements which have been put forward but also raises a number of issues where the mainstreaming approach could falter and offers recommendations on how to ensure mainstreaming delivers in practice.

View the paper:
http://www.ieep.eu/assets/839/DEEP_Paper_4_-_Mainstreaming_in_EU_budget.pdf

Reduction of carbon emission: mechanisms in different countries

[The Guardian, 10 July 2011] This article provides a short overview and comparison of mechanisms for reducing CO_2 emissions in India, the US, Europe and China and focus on carbon taxes and emissions trading.

Read the article.

Impact of energy tax exemptions

[Climate Policy Initiative, June 2011] What impacts have reductions and exemptions in energy taxes on German industry sector and do they play a role in reaching climate goals? These questions build the background for a study carried out by the Climate Policy Initiative. The analysts examined the impacts of four energy policies (Environmental Tax Reform, Combined Heat and Power Act, EU Emission Trading Scheme, and Renewable Energy Act) and their related exemptions to industry, differentiated by size and sector. One of the finding is that tax exemptions weaken the incentives for energy efficiency investments.

Read the study and the main results:
http://www.climatepolicyinitiative.org/files/attachments/140.pdf

The German energy concept: Policies to support the thermal retrofit of buildings

[Climate Policy Initiative, May – August 2011] Efficiency improvements in the building sector are a key component of the German Energy Concept. The stated objective of the Concept is a 20% reduction in the heat requirement of buildings by 2020, so as to achieve an 80% reduction in the primary energy requirement by 2050. In these CPI reports and briefs, CPI analysis addresses questions emerging from the review of policy instruments and programs focused on this objective.

More information:
http://www.climatepolicyinitiative.org/generic_datas/view/publication/72

Potential of modal shift to rail transport

[CE Delft, March 2011] This study was commissioned by the Community of European Railways (CER) and concerns the potential for modal shift from road and air transport to rail. This study is potentially even more interesting, since the European Commission's new White Paper on Transport cites modal shift as one of the key policies for

the coming decades. In this study the potential for growth of rail transport in Europe has been investigated in three different ways as well as the potential reduction of CO_2 emissions that this could deliver.

Download the study on CE Delft website.

External and infrastructure costs of freight transport Paris-Amsterdam corridor

[CE Delft March 2011] The Paris-Amsterdam transport corridor is of major importance for the EU economy. The share of inland waterway transport (IWT) on this corridor will increase significantly by the development of the Seine Scheldt link, TENT project 30.

This study is unique as it is the first in-depth analysis of the impacts of internalisation of external cost scenarios on a specific strategic and congested international freight corridor in the EU. It has been conducted at an international and multimodal level. Therefore the results are of high interest for the study area but also for freight transport policy in Europe in general.

For more information, please go to CE Delft homepage.

Review of low-carbon development in China 2010

[Climate Policy Initiative, February 2011] China's 11th Five-Year Plan (2006-2010) set a target to reduce energy intensity by 20% from 2005 levels. Climate Policy Initiative's "Review of Low-Carbon Development in China 2010" discusses China's energy performance in key sectors, describes the policies and instruments implemented to meet this target, and provides initial insights that may be valuable as China enters its 12th FYP period. Future research will provide deeper insight on policy impacts and cost-effectiveness.

See the executive summary:
http://www.climatepolicyinitiative.org/files/attachments/4.pdf

Vulnerability of selected sectors under environmental tax reform

[Environmental and Social Research Institute, October 2007] This 4 year old but still topical paper describes an analysis of price-setting behaviour by six energy intensive sectors in six EU countries. The purpose of the analysis is to investigate the relative strengths of world prices and domestic costs in determining the sectors' output prices, with a view to assessing pricing constraints facing the sectors [...]

See the study:
http://www.esri.ie/UserFiles/publications/20080206133124/WP222.pdf

9. Upcoming Events

GBG talk: Taxation of primary building material – an expedient contribution to resource efficiency?

05. December 2011, Berlin, Germany

About two-thirds of all raw materials mined in Germany are minerals used for construction (mainly gravel, sand and hard rock). Thus, the construction sector is an important field for sustainable resource policies.

The expert meeting is organized by Green Budget Germany and wants to discuss questions on necessity, impact and feasibility of such a tax together with representatives from politics, economy and civil society.

The event will be hold in German. For further information and registration, please go here.

Conference on Environmental Federalism

09 - 10 December 2011, Ancona Italy

The conference aims at analyzing the topic of local environmental taxation and sustainable economic development adopting a political economy perspective.

Attention will be paid to the role of institutions and local policy makers in the design of local environmental taxation in order to promote environmental goals and increase the revenue rising capacity of local governments.

Further information and registration:
http://www.environmentalfederalism.univpm.it/index.html

GreenBudgetEurope

European Newsletter on Environmental Fiscal Reform

10. Imprint

Best wishes from the founders and the editors!

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