GREENBUDGETNEWS 2 – 4/2003

EUROPEAN NEWSLETTER ON ENVIRONMENTAL FISCAL REFORM

Editors:

http://www.eco-tax.info http://www.ecocouncil.dk http://www.levego.hu http://www.oegut.at

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1. EDITORIAL

Dear Friends of the Environmental Fiscal Reform,

We are proud that the first issue of Green Budget News in January was very effective, produced lots of interest and had a high demand; we got lots of feed-back and praise!

We would appreciate it very much if you would continue to notify us of people and organisations we could send our newsletter to. You are also more than welcome to send us some articles about the situation in your country concerning environmental taxes, possibly written in a journalistic style. Please contact us beforehand.

In terms of environmental taxes, the most important event during the last month was the decision of the EcoFin for a minimum harmonization of energy taxes in the EU.

EcoFin resolved in Brussels on 20th March 2003 to introduce greater coherence to the treatment of energy-intensive and other industries. It will mean both new taxes and higher taxes in many EU candidate countries and several current member states. It will also enable member states to tax aviation fuel for domestic flights or, through bilateral agreements, for flights to and from other member states. As Wuppertal Institute's Jochen Luhmann has noted (Süddeutsche Zeitung, April 1, 2003, http://www.foes-ev.de/downloads/EU-EStRL.pdf), the new directive is also important because it manifests a policy principle of taxing resources rather than emissions. This is equivalent to a switch from end-of-pipe philosophy to a more radical approach, going far beyond just climate protection - because sustainability doesn't only imply protection of the atmosphere from greenhouse gases, but also protection of the treasures in the earth's crust from rapid exploitation.

It was very important that this directive was passed before the EU will be enlarged next year, since the right to veto by each member state would have made progress even more difficult with an enlarged EU.

However, the decision also has several shortcomings: the minimum tax rates for fuel will be fixed until 2010 at such a moderate level that they hardly compensate for inflation; the tax rates should be re-examined regularly in the light of the targeted reduction of energy consumption; and governments have added a long list of tax rebates and exemptions for industry, agriculture, households and the transport sector. For the future of environmental taxation in Europe, it will be crucial that decisions can be taken by majority vote, which is not currently the case and will not be easy to change. Given the current political situation, the agreement of the Finance ministers was an important step to keep the debate on environmental tax reform going.

Positive news also reached us from the Czech Republic. The Czech government plans to introduce an ecological tax reform in 2005. The environment ministries of the Czech Republic and Germany currently cooperate closely to share their experience with environmental fiscal reform, air pollution control and climate protection in both countries.

In the following newsletter, you'll find detailed, significant articles about the present situation of environmental taxes in Poland and the Czech Republic, which are representative of many Central and Eastern European countries. You will find those articles under the category 'single European countries'.

Giving the historical breakthrough in the energy taxation in the EU, let's get the bottle of Champaign out of the fridge, but don't cheer too loud.

Your Editors

2. GREEN BUDGET REFORM ON EU-LEVEL

EcoFin: finally, agreement on EU energy taxation

Minimum taxes on energy in the EU have been agreed. As taxes on oil are already significant in most member states, the greatest increases will be on coal, gas and electricity. The taxes will help provide a level playing field for energy prices, especially as the Directive already applies to the 10 new member-states.

(http://www.euireland.ie/news/union/0303/energytax.htm, Brussels, March 21, 2003)

Ministers gave their political agreement to the proposed Directive on a Community framework for the taxation of energy products after Austria dropped its reservation.

European Commissioner for Taxation Frits Bolkestein commented, "I am delighted that the Council has at last been able to agree this important proposal for minimum tax levels of all competing sources of energy. This Directive will improve the functioning of the Internal Market and help to meet the environmental objectives of the Community and the Kyoto Protocol. Definitive adoption of this proposal must await an Opinion from the European Parliament. I would urge the Parliament to adopt a pragmatic and constructive approach to this proposal, as the Council has."

In particular, the Directive, due to enter into force from 1st January 2004, will:

- reduce distortions of competition that currently exist between Member States as a result of divergent rates of tax
- reduce distortions of competition that currently exist between energy products as only mineral oils have been subject to Community tax legislation up to now and not coal, natural gas or electricity
- increase the incentive to use energy more efficiently (so as to reduce dependency on imported energy and cut carbon dioxide emissions)
- allow Member States to offer companies tax incentives in return for specific undertakings to reduce emissions.

Although there are a number of derogations and transitional periods before some elements of the Directive would come into force, the adoption of the Directive nevertheless marks a major step forward in terms of more realistic minimum rates and wider scope.

Before the Directive can be formally adopted by the Council, it must be submitted to the European Parliament for an Opinion, given that, since the Parliament first gave its Opinion, the proposal has been modified substantially during the course of negotiations in the Council.

Contents of the Energy Tax Directive

The Directive will widen the scope of the Community's minimum rate system. Currently limited to mineral oils, it will now include all energy products - primarily coal, gas, and electricity - and update the minimum rates for mineral oils, which have not been revised since 1992.

For all these products, only their use as motor fuel or heating fuel - not as raw materials, in chemical reduction, or for electrolysis - is taxed. Furthermore, energy products used as a motor fuel for certain industrial and commercial purposes and as heating fuel will normally be taxed at lower levels than those applicable to energy products used as motor fuel.

Specific provisions are provided for the taxation of diesel used by international haulers to limit the distortion of competition for operators.

Member States are allowed to differentiate between commercial and non-commercial diesel, in particular to reduce the gap between the use of non-commercial gas oil as a propellant and as petrol.

Business use of energy products may be taxed at a lower rate than non-business use.

Member States are also allowed to apply other exemptions or reduced levels of taxation where this will not be detrimental to the proper functioning of the internal market or result in distortions of competition. The introduction of more efficient transport pricing instruments is also facilitated by authorisation for corresponding reductions in the tax levels.

Member States are authorised to introduce certain other exemptions or reduced levels of taxation, subject to regular reviews, for a set period.

Member States are free to apply differential rates to the same product, provided that these rates are higher than the minimum levels and internal market and competition rules are respected. This tax technique is already widely used by Member States to guide consumers towards more environmentally friendly products.

Member States are obligated to exempt energy products used for international air transport (until their international commitments permit them to tax them) and products used for maritime transport within Community waters.

Member States may also choose to exempt (or to tax at a reduced rate) renewable energy sources, biofuels, energy products used in the field of pilot projects, the carriage of goods and passengers by rail, and navigation on inland waterways.

The proposal also takes into account the competitiveness of Community firms vis-à-vis third countries. This is why it provides for measures to reduce the tax burden on energy intensive firms, which have put the greatest effort into reducing their consumption. Lastly, there is a provision for Member States to refund part of the taxes paid by firms that have invested in their efficient use of energy. The tax reduction for firms that have entered into such energy efficiency commitments would be as low as zero in the case of energy-intensive businesses and as low as 50% in the case of non-energy-intensive businesses.

For two products of general consumption, unleaded petrol and diesel, the proposal will lead to only a very limited rise in consumer prices in a small number of Member States. These compromises are an inevitable consequence of the approximation of the national rates needed to put an end to the present shortcomings in the smooth functioning of the Internal Market. The benefits expected for the environment and transport as a result of the improvement in the price structure are, on the other hand, immeasurable.

Energy tax deal draws mixed reactions

Environmentalists are disappointed with the compromises, but proponents stress the progress that was made.

(Environment Daily 1412, March 25, 2003)

Green tax campaigners are divided over last week's agreement between EU finance ministers on energy taxation. The Green group "European Environmental Bureau" (EEB) today described the deal as "deplorable", but a German ecotax expert, who spoke on condition of anonymity, insisted that it was an important achievement.

The EEB's criticism centres on the way that ministers weakened proposed minimum energy tax rates and introduced rebates and exemptions. As a result, the agreement will produce almost no near-term increases in energy taxes in existing EU member states. Furthermore, a first review of tax rates is due only by 2012.

Ministers have effectively "ditched any idea of using EU energy taxation for environmental purposes", the group said. It urged the European parliament - which must deliver a non-binding opinion on the proposal - to demand higher minimum tax rates and a clear mechanism for periodic reviews.

A leading German environmental tax expert agreed that the ministerial agreement had many shortcomings but took a more positive view. The deal will introduce greater coherence into the treatment of energy-intensive and other industries across the bloc and will mean both new taxes and higher taxes in many EU candidate countries, he said. It will also enable member states to tax aviation fuel for domestic flights or, through bilateral agreements, for flights to and from other member states.

More generally, said the source, it was vital that agreement had been reached before the EU expands next year. Had up to 25 governments been involved in the talks, reaching a successful conclusion would have become impossible.

The important thing now, he continued, was to introduce majority voting in the council of ministers for energy taxation measures through the EU convention process. This would give a realistic chance of higher tax rates being agreed in periodic reviews of the directive.

Green Budget Germany welcomes historic breakthrough in the harmonisation of the energy tax in the EU– contribution to peace and climate protection

Statement from Green Budget Germany on the agreement of the EU Ministers of Finance who worked into the night to harmonize the ecotaxes in the EU.

(Press Release, Green Budget Germany, March 21, 2003)

"It couldn´t have been a better time for the political agreement for more harmonised energy taxation in the EU", said vice-chairman of Green Budget Germany Kai Schlegelmilch. It is a peace dividend and a major contribution to climate protection. It provides incentives to save energy and thus to use less oil – one basic reason why USA is at war with Iraq.

The decision is a signal that comes just at the right time for the 10 new EU member-states, who will have to adapt their energy taxes to the EU-standard. It is especially pleasing that the discussion that has been going on for more than ten years can be laid *ad acta* for a while.

The minimal harmonization of energy taxes within the EU is especially important for Germany as a transit state in the centre of the EU; now, the trips across the border to fill up the tank, especially to Poland and the Czech Republic, will be less attractive.

But neighbouring countries such as Austria, Belgium and Luxembourg will also have to raise their rate of taxation for diesel. Thus, the Federal Government of Germany has improved its competitiveness and safeguarded jobs for the numerous border regions in Germany.

With the most of the taxations, Germany is above the required standard, so that no changes are necessary. But there should be a tax on coal for heating; exceptions for private households are possible. In addition, it is now legal for the first time to introduce a tax on kerosene for flights. Thus, there will finally be greater cost equality between the various means of transport. Green Budget Germany calls on the Federal Government to take the necessary steps, because cheap flights are unfair competition for trains. Planes do not yet have to pay taxes for kerosene. Likewise, the decision must be made immediately to continue the green tax reform after 2004 to stabilize the environmental effects and prevent the devaluation of capital for those who have invested in energy efficiency and renewable energy.

EU energy taxation: deep disappointment over Ecofin's stance

EEB questions whether the benefits of the Directive it says has been "watered down" are as "immeasurable" as Commissioner Bolkestein says. The European Parliament is called on to amend the Directive.

(http://www.ecotax.info, March 25, 2003).

The European Environmental Bureau (EEB) is deeply disappointed with the agreement the EU Finance Ministers finalised on March 20th on a Directive on minimum rates for energy taxation, nearly 6 years after the proposal was put forward by the Commission.

The Directive lays down an energy taxation framework including natural gas, electricity and coal for the coming 10 years. However, the Council has drastically watered the original proposal of the Commission, in particular the minimum rates, and has added a huge list of rebate and exemption possibilities. As a result, with regards to mineral oils, the directive will do no more than merely correct the EU minimum rates agreed in 1992 for inflation, whilst very minimal rates are introduced for new products. Moreover, the text does not plan a review of the rates before 2012.

John Hontelez, Secretary General of the EEB, says, "This shows that those Finance Ministers that have insisted on this deplorable deal refuse to take on their responsibility for contributing to sustainable development by promoting environmental fiscal reform". The Council thus is ditching any idea of using EU energy taxation for environmental purposes, even though the EU at political level, since the 1992 Rio Summit, has repeatedly confirmed that environmental taxation has to be part of effective policies on the environment and sustainable development.

As a result of the low rates and the many possibilities for exemptions, this directive will have very little impact on the price of energy in the EU. It will also do very little in helping to fulfil the Kyoto targets and fight climate change. "Although we understand Commissioner Bolkestein is happy to see an agreement finally achieved, it is simply not true to say that this directive will have "immeasurable" benefits for the environment," says EEB Secretary-General John Hontelez. "On the contrary, it seems that in practice, they have abandoned the will that was present in the 1992 and even in the 1997 proposals to use energy taxation to apply the Polluter Pays Principle and move towards greater sustainability."

The EEB calls on the European Parliament, in its upcoming opinion, to demand that some tax exemptions and some transition periods be lifted and that a periodical rate review mechanism be clearly provided by the directive. "An inflation update of the minimum rates every 10 years is quite inadequate," says EEB Secretary-General John Hontelez. "The EU needs a real Environmental Fiscal Reform if it wants to become more sustainable."

The EEB also calls on the Parliament, in its opinion, to reiterate the opportunity and importance of using taxation as an environmental tool, provided that rates are set at appropriate levels. In light of the 6th Environmental Action Programme, the EEB also calls on the Commission to continue pushing for an extended use of fiscal instruments for environment protection by initiating new and environmentally bolder proposals.

Since the 2001 European Council of Goteborg, the EU has been committed to "getting the prices right". It has its own Sustainable Development Strategy, and it wants to be a world leader in environmental policy. Furthermore, the 6th Environmental Action Programme adopted in 2002 clearly calls for the "promotion of sustainable production and consumption patterns", particularly by "promoting and encouraging fiscal measures such as environmental taxes and incentives".

The EEB saw an EU agreement on energy taxation as a first minimal step towards "getting prices right" towards the EU's Kyoto target of an 8% cut in CO_2 emissions and Environmental Fiscal Reform (EFR). Moreover, the Kyoto Protocol requires parties to progressively reduce market distortions, tax incentives, reductions and subsidies that run counter to the Kyoto target. (Art. 2, 1,a v)

However, it is clear that the current EU energy taxation directive will hardly achieve any of this. This poor result also shows that there is no room for real progress in policy areas where unanimity is required.

Much more dramatic changes are needed to ensure that the market will no longer promote unsustainable production and consumption patterns.

This is why the EEB has launched a campaign to change market incentives so that prices work for the environment. In its campaign for Environmental Fiscal Reform, the EEB demands an additional 10% tax shift from labour to environmental use until 2010. Such a shift is revenue neutral and would help to protect both the environment and employment. The EEB also demands a removal or reform of all environmentally adverse subsidies, and a number of other measures.

→ cf. Portugal: GEOTA statement under section 3.

Letter from Blair / Persson: Asking the Greek presidency for more renewables

Europe needs to start delivering concrete output, both to show the rest of the world exactly what we mean by sustainable development and to deliver the overall objective of making Europe the most innovative, competitive and dynamic knowledge-based economy in the world.

The complete letter: http://www.foes-ev.de/downloads/ gpblair_feb03.pdf

Wuppertal Institute welcomes the decision of the EU Ministers of Finance despite grave inadequacies

The new Directive contains too many loopholes and exceptions, but serves as a basis for further progress.

(Wuppertal Institute, press release, March 21, 2003)

The bad news is the large number of exemptions, loopholes, and long transitional periods that have been included in this compromise. Electricity for chemical reduction and electrolysis is excepted - and hence a crucial part of the energy-intensive production: horticultural and agricultural businesses are completely exempt from the tax; and long transitional periods have been agreed for the use of diesel in trucks in southern member-states (including France), with the final tax rate levelling off at 0.33 euros per litre - in Great Britain, it is already at 0.7 euros per litre, and 0.47 euros per litre in Germany. Whether such generous exceptions will allow the climate goals of the European Union, especially in Greece, Spain, and Portugal, to be met will have to be studied at a later date. The Wuppertal Institute expects other alliances in energy tax policy to be formed in a few years, thus allowing for more progress based on the foundations that have been laid.

3. GREEN BUDGET REFORM IN INDIVIDUAL EUROPEAN COUNTRIES

Austria: The Austrian EFR – a next step

In March the new Austrian government published its plans about EFR. This was a positive surprise from an ecological point of view as the parties that now form the government (the Austrian People's Party and the Austrian Freedom Party) had not promised any EFR during the election campaign.

(ÖGUT, April 2003)

The EFR will be part of a bigger tax reform and will take place in two steps in 2004 and 2005. A proposal for the new law was already presented on April 3rd and is now in its phase of assessment. The German version can be found on the Internet: http://www.bmf.gv.at/steuern/NeueGesetze/BBG2003/ bbg2003steuern.pdf

The ecological elements will be:

- a tax on coal
- a rise in the tax on mineral oil (gasoline, diesel and heating oil)
- a rise in the tax on natural gas

The Minister of Finance, Karl-Heinz Grasser, expects the following revenue from the three types of taxes:

- in 2004: € 335 million
- in 2005: € 357 million
- in 2006: € 357 million

The Austrian Energy Agency E.V.A. believes that this will mean prices increases of about 6-8 % (of course the development of mineral oil prices cannot be foreseen in light of the present situation in the Middle East).

In addition to those taxes, a small relief in additional wage costs is part of the reform: the lowest wages (up to € 1,035/month) will have wage taxes completely lifted. At the same time, part of the additional wage costs will be reduced. Companies and industry will be relieved, too.

source of energy	tax increase
gasoline (low sulphur)	1 cents/litre
gasoline (regular)	2,5 cents/litre
diesel (low sulfur)	2 cents/litre
diesel (regular)	3,5 cents/litre
heating oil extra light	2,9 cents/litre
heating oil light/regular	2,4 cents/litre

(source: Austrian Federal Ministry of Finance)

Spain: Desirable characteristics of environmental taxes

Tourism destroys tourism, for tourists want to see nature. The ecotaxes on the Balearic Islands help, but they could be redesigned to go even further, specifically by taxing less progressively and earmarking the revenue for environmental projects.

(Original article published in Encuentro de Economía Pública, 2003)

At the beginning of 2003, A. Fuenmayor Fernández, R. Granell Pérez and F.J. Higón Tamarit, researchers at the Department of Applied Economy at the University of Valéncia, published a quite critical article on the "ecotasa", the new fiscal system based on tourism that had been established at the Balearic Islands. Tourism, the authors say, represents 12 % of global GNP. The main attractions lie in the natural, cultural and environmental resources of the region. Still, it is tourism that destroys tourism. Prices should therefore reflect the environmental costs and public intervention is needed in this respect.

The authors list some of the desirable characteristics of environmental taxes that they believe in:

1) They are efficient: at least in theory, they allow the environmental goals to be reached with the least costs.

2) They are effective: they help to improve the quality of the environment.

3) They are flexible and easier to adapt than direct regulations.

4) They are a potential source of revenue in the public sector.

5) They are an incentive for technological advances.

6) They can reduce taxes in general.

But they also see disadvantages:

1) They are less accepted by economists than direct regulations.

2) If information does not work well, the results are less secure.

3) If they are effective, they reduce their own taxable base.

4) They could have negative effects on competitiveness.

For the authors, the Balearic Islands seem an interesting place to start this type of taxes, being the most important tourist places in Spain – on a level of numbers of tourist (11 million) as well as of the number of revenues (6.1010 million Euros)[1]. Tourism makes up 85 % of the active income at the Balearic Islands. The expectations for the revenues of that tax exceed 72 million euros/year. In Andalucía, on the Canary islands and in Catalonia, similar initiatives have been examined in the meantime.

But the authors criticise the design of the Balearic taxes. First, ecological taxes require a clear plan about the reduction of the actual damage. From this perspective, burdening overnight stays with taxes, as the Balearic taxes do, seems far away from an ecological fiscal system.

On the other hand, Fuenmayor et.al. see a possibility for environmental taxation on local level, as the effects of tourism on the environmental system are not the same everywhere. The authors go even further in their critique, stating that the progressive system for that taxation is not connected to the real contamination at all.

The authors' results of a study on the total numbers of overnight stays in Spain show that in the year 2001 75.7 million foreign tourists came to Spain. 65 % of them spent at least one night in

[1] Both numbers taken from the year 2000

Spain. Out of 228,681,570 overnight stays in hotels, hardly 2.5 % were spent in 5-star-hotels, while 27.5 % were spent in 4-star-hotels and 43 % in 3-star-hotels, but it is the number of stars in the hotels that decides about the amount of taxes.

In the end the authors repeat that it makes sense to use fiscal instruments for environmental matters in tourism, but that the link between the fixed tax and the environmental damages is extremely weak until now. A slight fall in the number of tourists could benefit nature, and the tax system could help to establish an infrastructure to protect the environment against further traffic – but only if the tax system is earmarked for the environment. A slight drop in the number of visitors could be compensated for, they say, if better quality in service were offered (for example through the reduction of traffic). Thus, lost revenue could also be compensated for with small price increases.

Spain: Ibiza Ecotax Update

The tourism tax does not apply to all tourists; perhaps it should also be a flat-rate tax rather than a progressive one based on the number of stars a hotel has.

(http://www.ibiza-spotlight.com, January 13, 2003)

After an initial year fraught with difficulties, the Ecotax continues to cause consternation among both the public and hoteliers alike. The tax is supposed to be levied on tourists to the island to pay for environmental 'repairs' necessitated by the effects of mass tourism - a simple idea, but difficult to implement.

The burden of tax collection was put onto the shoulders of the hotels on the island, already embroiled in masses of paperwork, and they are incensed because the clients of smaller hostels do not have to pay the tax.

Sources at the tax department have confirmed that this situation will continue for at least another year. It seems unfair that a measure designed to correct the damage caused by mass tourism should be financed by only a proportion of those masses; people who stay in hostels, villas, and private apartments do not contribute one cent.

Portugal: GEOTA statement

Portuguese Group calls for realistic tax levels to cover external costs.

(http://www.despota.pt)

On October 29th, 2002 the Portuguese Organisation GEOTA (= grupo de estudos de ordenamento do território y ambiente), a member of the European EFR Campaign of EEB (http://www.ecotax.info), published a Statement called *Position of GEOTA about the proposal of the directive concerning the reconstruction of the tax-system on energy products within the European Union.* At the Barcelona summit, the Council had agreed to come to a conclusion by the end of 2002. Though this conclusion has just been been reached, the GEOTA statement is still important, as it calls upon the Portuguese government to negotiate well in favour of a quick and final decision and to support the text in question. GEOTA claims that a neutral transfer to environmental taxes could be an important instrument to improve energy efficiency and reduce the greenhouse effect.

GEOTA states that an increase of the taxes on energy to a level that more realistically reflects the real costs of energy and transport for the environment and public health is crucial for the “Polluter Pays Principle”. Because it is now well known that the external environmental and social costs of the use of energy (and the use of natural resources on the whole) need to be included in the final price of products. Not only will the neutrality of the EFR relieve the total costs of taxes, GEOTA emphasises, but the decrease of wage additional costs will also contribute to the fight against unemployment.

In the end, the Statement goes back to the data of the European Commission from 1997, when it was said that the proposal for the EU’s Kyoto strategy would reduce emissions of CO_2 within the EU by about 2 % and at the same time create half a million new jobs.

The EU and its member states are officially obligated to defend sustainable development, fight climatic changes, and promote a more efficient economy. GEOTA now sees a last opportunity for the EU to come to an agreement after all those years of negotiations.

Norwegian solvent tax slashes consumption

How a tax can alter consumption drastically.

(Environment Daily 1413, March 26, 2003)

A Norwegian tax on the chlorinated solvents trichloroethylene and perchloroethylene has sparked dramatic falls in consumption, the national statistical office (SSB) reports. The falls have been so large that national consumption of all chemicals classified as carcinogenic, mutagenic or reprotoxic (CMR) fell by 60% between 1999 and 2001, the body says.

Perchloroethylene (also known as tetrachloroethylene) is a category 3 carcinogen, while trichloroethylene's classification is being upgraded from this to category 2 carcinogen. The former is mainly used in dry cleaning and the latter for metal cleaning. Both are on Norway's priority list of chemicals to be reduced.

Norway introduced a tax on sales of the two solvents in 2000, sparking radical cuts in consumption. In the case of perchloroethylene, this is thought to have been driven by efforts to cut leakage and boost recycling, as well as through substitution.

Compared with average consumption in the three years 1997-99, trichloroethylene sales fell 83% in 2000 to 81 tonnes. Perchloroethylene sales fell 89% to 26 tonnes.

Hungary: Petition to increase land protection tax

Urban sprawl needs to be reduced, Hungarian NGOs agree.

(Clean Air Action Group, March 2003)

NGO representatives handed over a petition in Budapest in March 2003 to Prof. Dr. Tamás Katona, Deputy State Secretary of the Prime Minister's Office. 390 Hungarian NGOs supported the petition addressed to the Prime Minister of Hungary, Mr. Peter Medgyessy. The event was widely covered by the media: three national television channels and several newspapers reported about it. The action was initiated and organised by the Clean Air Action Group.

The petition points to the growing problem of land use, especially in and around Budapest and other big towns, and indicates that in order to stop the rapid disappearance of green areas under asphalt and concrete, the role of a market-based instrument - the land protection tax - must be enhanced.

The land protection tax is levied when agricultural land or other green areas are converted to other use. However, the current rate of the tax is so low, and there are so many exemptions from paying the tax, that it fails to encourage the protection of agricultural and other green areas. Therefore, the NGOs demand that this tax be multiplied and the exemptions abolished.

The NGOs argue that the proposed measures will have a wide range of positive results:

- the rate of disappearance of agricultural land and other green areas will be reduced significantly,
- infrastructure, commercial and housing investments will be largely diverted from green-field areas to brown-field areas,
- the costs of building and maintaining new infrastructure will be lowered,
- the real costs of the destruction of green areas and also of the creation of new infrastructure will be borne much more by the investors concerned, instead of the general public,
- the existing infrastructure will be used more efficiently, thereby decreasing specific costs,
- the rate of growth of transport (and the related environmental pollution) will decrease,
- undesirable real estate speculation and related corruption will be greatly reduced.

Zoltan Szabo

Poland: Report from the ETR – conference, January 2003

Ecotaxes could provide funds for environmental projects at a time when funding is hard to come by.

(Institute for Sustainable Development, March 2003)

On January, 16 – 17th, in Warsaw Regional Office of the World Bank held the conference "Ecological Tax Reform – Possibilities of Application in Poland". The conference was organized and managed by the World Bank, the Institute for Sustainable Development in Warsaw, the Gdańsk Institute for Market Economics, and the Cracow Institute for Environmental Tax Reform. Main goal of the conference was to popularise the concept of Environmental Tax Reform among Polish stakeholders. It seemed that the goal had been achieved because over 120 interested people took part in the two days conference. Various groups of the society were represented, such as public administration, policy makers, unionists, employees, researchers, students, and NGOs. Before the conference, a press conference was held, in which 20 journalists took part.

The Conference inaugurated the Adviser to the President of Poland, Professor Stanisław Pawlak, who on behalf of Mr Andrzej Majkowski, Minister in Chancellery of the President of Poland, held an address devoted to the role and importance of environmental and tax policies in reaching the goals of sustainable development in Poland in the next few years.

The conference was organised in two parts:

On the first day, the foreign guests presented their papers. The guests represented major world and European agencies and organizations (OECD, European Commission, the World Bank), state administration in EU member countries (German Federal Ministry of Environment, Austrian Ministry of Environment), the European Union and accession country NGOs (European Environmental Bureau from Brussels, Society for Sustainable Living from Prague, Clean Air Action Group from Budapest). The foreign guests discussed a broad list of concerns relating to the implementation and management of environmental taxes and Environmental Tax Reform in OECD and EU countries and the situation in candidate countries. The competition and social equity issues within the framework of the implementation of ETR was discussed by representatives of EEB from Brussels.

On the second day, the Polish hosts held their lectures. They focused on the effectiveness of economic tools for environmental policy and the effects of introducing ETR in Poland. Mr. Czesław Śleziak, Secretary of State in the Ministry of Environment, reviewed the main directions of Polish environmental policy and discussed current and future changes in adjusting economic tools for environmental policy to the market economy in Poland. Mr. Śleziak expressed the interest of the Ministry of Environment in the implementation of Environmental Tax Reform in the Polish economy. The group of Polish specialists from Warsaw University presented the results of the application of the Computable General Equilibrium Model (efficient mathematical and statistical approach for the simulation of the results of using ETR) to the Polish economy. Also, the possibilities of using tradable permits in the energy sector as a supplementary mechanism to the introduction of ETR were discussed.

Environmental Tax Reform is currently a very promising economic tool for Poland’s economic, social and environmental concerns. It could be an effective source of providing funds for public budgets and environmental funds for investment for Poland’s commitments to the environmental part of the *acquis communautaire*. We are witnessing the end of a phase in the financing of environmental investments in Poland. Incomes of environmental funds have substantially diminished in the few last years. A lack in funding for environmental goals from companies, governments and households is also the result of the weak Polish economy, with a decreasing growth rate and increasing unemployment. There will be a substantial gap in possibilities of funding the country own expenditures associated with EU cohesion and regional developments funds for environmental infrastructure goals. The ETR could to some extent limit this gap.

Concerns related to implementing the ETR in Poland economy goes in line with necessity of more general reform of state finance. Amendments and corrections in the level and structure of current taxes and excises are inevitable. The ETR could be helpful in changing relation among environmental related taxes, environmental charges, prices and excises for fuels, energy carriers, heating a.o., for more environmental friendly. The conference made it clear to the public that the ETR can have a positive effect on the quality of the environment; at the same time it can improve economic situation and to some extent mitigate unemployment.

The lecturers from OECD and EU countries have pointed out that fiscal systems in their countries tend to be more sustainable. In some countries (Germany, the Netherlands, Denmark, Sweden a.o.), the environmental taxes and ETR have been successfully introduced. The harmonization of fiscal policies of EU member-states is running, and new regulations for environmental taxes and ETR are to be implemented. The candidate countries should take into consideration these processes first by taking part in common discussions about assumptions and economic and environmental backgrounds in the preparatory phase of the legal and regulatory decisions.

Nobody contested the positive role of ETR implementation in achieving environmental goals. Energy carriers, fuels, heating and as harmful emissions have been substantially decreased in countries that implemented environment taxes and ETR. However, opinions on the scale of the double dividend - simultaneously benefiting the environmental and social effects - were divided. Kai Schlegelmilch from the German Federal Ministry for the Environment underlined that ETR supports environmentally friendly technological changes, helps introduce innovations, improves competitiveness, changes consumer patterns, and improves the quality of the environment in undeveloped areas. The manner and scale of the use of additional revenue from restructured (increased) environmental taxes and charges are crucial for the successful implementation of ETR, as it the elimination of environmentally harmful subsidies. Different economic, social and environmental results can be reached depending on how revenue is used. For instance, labour costs can be lowered, capital costs diminished, co-financing provided for environmental infrastructure investments, and aid provided for the poor to cope with the increased cost of living. The question of which organizational option could be chosen in a Polish fiscal mechanism for the institution that takes the income from taxpayers and pays it to eligible recipients remained open. It is also necessary to ensure political and economic stability for ETR in the long term.

The participants agreed that ETR could not be efficient in gaining economic, social or environmental policy goals without simultaneously using both additional market economy tools, such as tradable permit mechanisms, product or deposit charges, and regulatory instruments, such as environmental standards and emission charges. Some participants underlined the necessity of a limitation of environment harmful subsidies in main sectors of the economy like transportation, energy, and water management to reduce the burden on the economic or labour market.

Memorandum of the Conference in Warsaw: http://www.foes-ev.de/downloads/MemoWarsaw.pdf

Study “Expected Effects of the Ecological Tax Reform for the Polish Economy”: http://www.foes-ev.de/downloads/ETRStudyPoland.pdf

The results of using of ETR in the Polish economy published by the Institute for Sustainable Development in 2001 are very promising: economic development, labour market and environmental indices are likely to be better after implementing ETR.

But it is not enough to be sure about the successful implementation of ETR in the economic reality of 2003 and in the next few years when Poland will become a member of the EU. It is necessary to carefully prepare the program of implementation and have further research and analysis of results from the simulation of economic and financial resources flows through the economy resulting from the Computable General Equilibrium Model. It is also necessary to build capacities for the comprehensive political support of society towards introducing and maintaining ETR in the fiscal system. From this point of view, it is necessary to get in close co-operation with the German Federal Ministry of Environment, which can help the Polish administration prepare ETR implementation in Poland. The representative of the German Ministry of the Environment, Mr Kai Schlegelmilch, presented such a proposition at the conference.

Wojciech Stodulski

Poland: Using the Environmental Tax Reform

A simulation of ETR in Poland reveals specific needs, but also underscores the positive balance sheet.

(Institute for Sustainable Development, March 2003)

In 2000 – 2001, the Institute for Sustainable Development in Warsaw conducted a research project in which the results of implementation of ETR on the Polish economy were computed with a 10-year forecast[2]. The detailed computation of the economic, social and environmental results of

[2] Stodulski W., (Ed.) „Environmental Tax Reform. Tax System as an Instrument of Sustainable Development in Poland in the First Decade of XXI Century”. Report 2/2001. Institute for Sustainable Development. Warsaw, November 2001 (in Polish).

the implementation of ETR on the Polish economy was carried out using the Computable General Equilibrium (CGE) model according to assumptions below. Changes in the structure of production and consumer demand were also computed. The method is also very useful for simulations of the economy and unemployment.

A crucial issue for answers on how the ETR can influence the state of the economy, society and the environment in the long term was comparing the basic economic measures and social and environmental quality indices before and after reform. Six scenarios addressed assumptions about taxes and rates, ways of using of additional income from ETR, and ways of transferring funds back to businesses or households. From those scenarios, two - the fourth and the sixth - have been the most promising for the goals of ETR.

The basic scenario assumes: tax rates on the level of the base year (1995) and a 5% increase in real prices on the world market up to 200; stability of the real exchange rate of PLN; a 1.5% annual increase of foreign trade balance; 0.5% annual capital growth; and 0.9% and 0.7% annual growth in the white collar and blue collar workforce, respectively.

The fourth scenario contains all of the assumptions of basic scenario and

1. New tax rates (new emission charges for SO_2 and CO_2 emission and the surcharges on fuels: coal, natural gas, liquid fuels, electricity and heat).
2. Tax income from tax rates in the base year (1995) funds the state budget.
3. Tax income from additional taxes or increased tax rates introduced according the ETR concept are returned to the **corporate sector** as social insurance contributions for employees.

The sixth scenario contains all of the assumptions of the fourth, but point 3 is as follows:

4. Tax incomes gathered by additional taxes or increased tax rates introduced according to the ETR concept are returned to the **household sector** (the poorest households) in as social or wage allowances.

A simulation of the economic and social impact of ETR revealed possible macroeconomic, social and environmental improvements in the long term. First, to some extent ETR can affect the goals of social and income-distribution policy. Second, there are some positive economic and environmental effects in the business sector. Third, some macro-economic growth is likely. Generally, the positive effects of the implementation of ETR in Poland outweigh the negative ones.

This study revealed the following specific effects of ETR on the Polish economy:

- The structure of production will change because the enterprises will adjust to new criteria of economic effectiveness: they will reduce pollution and invest in new environmentally friendly technologies.
- The costs of electricity and heat after ETR will increase slightly, but it will be spread across most industries and individuals.
- The real prices of majority of goods will not change. The prices of energy, heat, refined petroleum products, coke, and non-commercial services will increase moderately. The prices of commercial services might even decrease.
- The sectors of the economy most affected by the increase in energy prices and emission charges (metals, minerals, transportation, municipal services, coal mining, oil refining, electricity) will not be detrimentally affected.
- The average welfare and economic situation of most households will not be endangered.
- The wealthy will experience temporary increases in the cost of living.

The results of the computation confirm that ETR can be useful for the efficient, sustainable restructuring of the Polish economy. Long-term effects of the reform will not slow down the growth of economy if the adequate scenario is used and suitable organizational and institutional measures are implemented. ETR can solve the problem of the redistribution of income on the principal of social equity. ETR will foster economic growth, stimulate investment in new technologies, and create better social and economic conditions for new EU countries. Unification of tax systems and equal levels of prices between Poland and the EU are also important factors for better preparation for accession.

ETR should interest politicians dealing with environmental protection in Poland for external and internal reasons. To an increasing extent, EU countries are reforming their own tax systems to achieve environmental benefits and expand the labour market. Poland, which may become an EU member in a few years, should align its tax system with that of the EU and launch an environmental reform of its taxes as much as the EU countries have.

The internal – economic and social – factors also tend to encourage discussion on changes to the existing tax system and the greater integration of the environmental aspect in it. In addition, the Polish system of environmental fees no longer works as efficiently as it did with the fast economic growth in the mid-1990s; nor does it ensure sufficient resources for environmental projects. An early decision to modify environmental taxes is needed to complement the resources that are indispensable for environmental protection.

The government and politicians will have to be steadfast in implementing the adopted long-term programme of tax reform and the enforcement of successive stages of this programme. An excess of concessions to pressure groups, subsidies, compensations, exemptions, derogations and exclusions may cause the loss of a substantial part or even the whole of the benefits of the "double dividend". The scale and extension of the achievement of the social and environmental dividend strictly depend on implementation conditions. Some of these conditions are known. Others should be the subject of further study. A responsible, reliable answer to many of the questions posed requires further research.

The concept of ETR is very promising for the Polish government because it can:

- solve period economic, social, and environmental problems in the mid-term
- facilitate the harmonization of the Polish tax system with that of the EU and other candidate countries
- improve the effectiveness of other tools of economic and environmental policies
- create better systemic and institutional conditions to implement the National Development Plan and the Third National Environmental Policy
- promote the environmental friendly innovations in production and consumption
- strengthen capacities of economic, social and environmental policies by integrating them and focusing on strategic goals for sustainable development.

Wojciech Stodulski

Swedish study of income distribution effects from green tax reform

Care must be taken to prevent low-citizens from carrying too much of the burden imposed by green taxes.

(The Danish Ecological Council, March 2003)

As part of the national Swedish "Long Term Review 2003", a report has been made about the income distribution effects from several models of revenue-neutral environmental tax reforms. The study was done for the Swedish Ministry of Finance.

The aim of environmental policy is make consumption and production patterns in society more environmentally friendly. Therefore, environmental policy must have distributional effects.

If the government wants to combine regional distributional policy with environmental ambitions, this puts noticeable demands on regional policies. In a country like Sweden people in the countryside will normally be affected by the environmental policy more than people living in cities if energy and transport taxes are the topics. Examples of such unbalanced, minor green tax reforms are the distributional effects of an increased Swedish carbon tax with revenue returning through generally lower VAT. This would also be a regressive green tax reform: it would affect the lower incomes more than the highest incomes calculated as a percentage of actual income.

If the goal is to combine a equal income distribution with the ambitions for Sweden to be a frontrunner in environmental policy (e.g. using economical instruments for environmental purposes), low income groups will have to have tax revenue returned to make the overall change in income distributive neutral.

Every environmental policy decision has consequences for households, industry and the environment. To make the most environmentally and economically efficient decisions, there must be consistent descriptions before the final decisions are made on how to construct the actual "environmental tax packets".

The complete study (196 pp.) can be found at http://www.finans.regeringen.se/LU2003/index.htm, but only in Swedish. No official English abstract is available.

Income distribution effects derived from the use of economical instruments for environmental purposes do concern the public, as can be read in the

PETRAS report. See http://www.soc.surrey.ac.uk/petras/, where reports from 5 EU-countries together with a common report are downloadable, most of them in English.
Søren Dyck-Madsen

United Kingdom: Company car drivers choose "green" option

Cars with low CO_2 emission levels have become more popular with employees after green tax

(http://www.FD-centre.net, March 18, 2003)

Cars with low CO_2 emission levels have become more popular with employees following last year's changes to the taxation of company cars, according to an annual survey of company car policy published today by Monks Partnership, part of PricewaterhouseCoopers.

Of the 180 companies that responded to the survey:

- 92% said employees had selected cars with lower CO_2 emission levels
- 83% reported an increase of between 15% and 20% in the percentage of drivers selecting diesel cars
- 35% of companies thought that there would be a move to hybrid (dual-fuel) cars.

With the amount of tax payable now based on the list price of the car and level of CO_2 emissions rather than a combination of list price, age of the car and annual business mileage, a company car can be an attractive proposition for low business mileage drivers. As a consequence, 40% of companies reported that some employees who had previously chosen a cash allowance as an alternative to a car had expressed a wish to move back to having a company car as a benefit.

Report editor, David Atkins, of Monks Partnership, said: "Our findings indicate that the changes brought in last year to the taxation of company cars are achieving the Government's aims of promoting lower polluting, fuel-efficient cars and removing the incentive to drive unnecessary business miles. Employees need to choose their cars carefully and be aware of the tax implications. High business mileage drivers have often seen the level of taxation rise if they retain the same car, with only 8% of companies compensating for the tax rise they have faced."

German ecotax revenue rising rapidly

The figures are in: the German government earns so much from the ecotax that is could hardly do without it. At the same time, savings in labour costs largely compensate for the burden on consumers.

(Environment Daily 1359, January 9, 2003)

Germany's "ecological tax", which was increased for the fourth and final time on 1 January, is proving to be very profitable for the government. In response to parliamentary questions tabled by representatives of the liberal FDP party, the government said that revenue from the ecotax is expected to total €18.8bn this year, up 28% from the €14.6bn taken in 2002.

As well as applying a planned increase on the ecotax at the beginning of the month, the government has recently scaled back exemptions for industries and other big energy users. This change should account in 2003 for €1.6bn, nearly two-fifths of the year-on-year increase in revenues.

Answering a specific query on what the changes would mean for farmers, the government said that while they would cost the agriculture industry an additional €40m, this was largely offset by savings of €36m brought about by reduced pension payments.

One of the principal aims of Germany's ecotax, first introduced in April 1999, was to use the energy tax revenue to finance cuts in workers' and employers' pension contributions.

In this respect the programme has been only a partial success. It has helped to cut contributions, but only from their 1999 share of 20.3% of income to 19.5% now. Furthermore, most of the extra cash generated by stricter exemption rules is being retained for general spending as the government struggles to reduce its budget deficit.

United Kingdom: Passengers face “Green Tax” on airline fuel

A tax on aviation fuel is in the works in Britain, but the airlines will fight it.

(http://news.independent.co.uk, March 15, 2003)

Britain took the first step on the road to taxing air travel for its contribution to global warming yesterday when the Treasury published a document discussing the idea.

Although such a tax, which would mean a big rise in ticket prices and would hit low-cost airlines severely, is a long way off, the Government's decision to begin talking about it is significant.

The move is in response to one of the biggest complaints of environmental scientists and campaigners – that governments across the world refrain from taxing aviation fuel, yet aircraft exhaust emissions are contributing more and more to the greenhouse effect. Carbon dioxide and other greenhouse gases from aircraft are not covered by the Kyoto Protocol, the international treaty governing efforts to fight climate change.

The document, Aviation and the Environment: Using Economic Instruments, published jointly with the Department for Transport, recognises that air transport has real environmental costs.

Greenhouse gases from British airlines cost the country £1.4bn in 2000, which will rise to £4.8bn by 2030. UK civil passenger aviation produced 30 million tonnes, or 5 per cent, of Britain's carbon dioxide in the year 2000. By 2020 this will have gone up to 55 million tonnes, or between 10 and 12 per cent.

The document invites opinions on how economic measures – such as taxes, trading permits, auctions of landing slots and government grants – could be used to encourage the industry to take more account of its environmental impact.

The Treasury stressed it was purely a "discussion document". A spokesman said: "We come with a totally open mind. There are no pre-conditions."

Norman Baker, the Liberal Democrat environment spokesman, said: "This represents what is potentially a hugely significant change, and could be the first step to taxing aviation fuel, which is long overdue. Frankly, airliner tickets are too cheap."

The responses will feed into the Air Transport White Paper, due later this year, which is to set out a "sustainable" aviation policy for the next 30 years. The Government has made proposals for increasing airport capacity in the South-east that have attracted criticism from environmentalists.

"The Government should have looked at how to make the air industry pay for some of the enormous environmental damage it causes before it began its consultation on building new airports," Paul De Zylva of Friends of the Earth said.

The aviation industry said higher taxes could harm the economy if they led to higher travel costs and a fall in demand. The Freedom to Fly Coalition, representing airlines, airports and trade unions, said £1bn of environment costs were already taxed via air passenger duty.

News on the Environmental Tax Reform in the Czech Republic

Seven recent events for the ecotax – From an Inter-ministerial Working Group on the ETR set up to Platform on Environmental Fiscal Reform in the Czech Republic

(Charles University Environment Center, Prague, February 15, 2003)

1) Inter-ministerial Working Group on the ETR set up

The Ministry of the Environment set up the inter-ministerial Working Group on ETR. The first meeting was held in January 28th 2003 in the MoE. The WG includes representatives from the ministries of finance, environment, industry and trade, labour and social affairs, transport, as well as representatives of trade unions, industrial associations and academia. The representative of Czech EFR Platform is member of the WG as well.

2) New Act on Excise Taxes

The proposed Act on Excise Taxes (to amend Act 587/1992) was prepared by the Ministry of the Finance and presented to the Czech Government on January 29th 2003. This proposal includes an increase in excise tax on alcohol and tobacco as well as equal rates on fuels to the current EU minimum. The main aim is to harmonise Czech rates with current EU rates. It does not include any step forward to ETR.

3) MoE intends to supports the external advisor and research on ETR

MoE announced the public order to prepare the study on Ecologic Taxes and ETR in The Czech republic. Recently, the proposal was evaluated by the ministerial Commission. The study should provide the results up to December 2003.

4) The Czech-German Initiative on Environmental Tax Reform in the Czech Republic - 10 Workshops aiming to raise awareness

Ten workshops addressing various stakeholders such as NGOs, state officials, researchers, trade unions, journalists, industrial associations and so on will be held during 2003-2004. Workshops are organised by Ecoconsulting (whose head, Martin Bursík, is Czech former minister of environment) and the Environmental Policy Research Unit at the Free University of Berlin (Mr. Lutz Mez) in cooperation with the Charles University Environment Center. The Initiative should include Polish partners and representatives. The first workshop *"NGOs´ experience with Environmental Tax Reform in Germany"* will be held on February 28th. The second workshop will focus on officials, the public administration, and researchers. It is planned for March 24th 2002. You can find the Agenda of the first (NGO) workshop and information about the Initiative including information about further workshops at http://www.czp.cuni.cz/ekoreforma.

5) Alternative proposal for the State Budget of the Czech Republic

Work on the *Alternative proposal for the State Budget of the Czech Republic* has started. The first working seminar is planned on April 4th 2002. The project and the EFR Platform will be presented and discussed at the semi-annual meeting of NGOs in the morning. You can find more information about the project at the relevant web side at http://www.czp.cuni.cz/ekoreforma.

6) ETR Brochures

The Czech division of Friends of the Earth (Hnutí DUHA), in cooperation with the Charles University Environment Center and the Society for Sustainable Living, are preparing the brochure on ETR for politicians. The Society for Sustainable Living is adopting the Danish leaflet on ETR with aim of raising awareness about ETR in the general public.

7) Platform on Environmental Fiscal Reform in the Czech Republic

at http://www.czp.cuni.cz/ekoreform

Milan Scasny

Environmental Tax Reform in the Czech Republic – Recent processes and prospects

An overview of the proposals of the Ministries of Finance and the Environment

(Charles University Environment Center, Prague, February 15, 2003)

The idea of environmental tax reform was first introduced in the Czech Republic in 1997. The government proposal focused mainly on fossil fuels to get additional public revenues and could be approved only if income taxes were levied on profit decrease. This political trade-off happened without any long discussion – and also without keeping the revenue neutrality principle - and tax changes were introduced immediately. Although it was not an ideal concept of ETR, it contained the principles of the concept.

In the reality, the discussion on ETR started at the end of the last century. Act proposal on greening tax system in the Czech Republic was prepared in collaboration with the Ministry of the Finance and the Ministry of the Environment during 2000. The tax bases and rates were tied with the 1997 EC Monti proposal. The Czech proposal was discussed in the government and the Governmental Council of Social and Economic Strategy at the beginning of 2001. Although further governmental and ministerial work on ETR introduction in the Czech Republic was cancelled by government decree No. 652 (25th of June 2001), it was intended to use some parts of ETR into the more comprehensive reform of public finance in middle-run horizon. In reality, the Government postponed the concept as a "undesirable son" for next government.

But after the election in the summer of 2002, the ETR concept came up in the Coalition Agreement. Revenue-neutral ecologic tax reform (together with consolidation of public finance) was explicitly mentioned in the Government Agreement and the Government should prepare a proposal and a medium-term budgetary outlook up to the end of the year 2002. The main goals - decrease the state budget deficit, keep tax quotas and reform on the side of expenditures - dominated the work on the public finance reform during the second half of 2002.

Ministry of Finance

As regards the ETR, the **Ministry of Finance** marked some areas that could be of interest:

- widening and transformation the excise taxes on motor diesel
- setting a rate on light and heavy fuel oils in line with minimum EU rates
- supporting bio-fuels
- transformation of "royalty" local charge into "tax on non-renewable resources"
- moving some tax items from reduced (5%) to standard VAT rate (22%) as demanded by the EU.

There is no absolutely refusal in the Ministry of Finance towards a new excise tax on solid fuels and electricity, but it prefers to see what will happen in the EU. The Czech Republic asked for the transition period for the reduced VAT rate on central heat until 2007. There was a discussion to set out a temporary "inter-VAT" rate at about 15%. Central heat falling under the transition period was to be added to this rate even before year 2007. Phasing out the comparative advantage for the central heat would be the result. But there was no discussion about the "inter-rate" in the fall of the year anymore. The ministry considers the shortage of back payments and many loopholes within the VAT system to be the most important area that should be dealt with.

The main problems identified by people around the Ministry of Finance are:

- the erosion of tax bases (lost revenue)
- revenue neutrality and negative social impact
- social insurance system viewed as a "black-box"
- rebates/aid should not lead to a too complicated fiscal system.

The Ministry of Finance considers an increase in environmental levies as an option mostly to get revenues. Broadening or greening the taxes should be treated very carefully. The tax rates on fuels are already close to EU minimal rates. Tax rates on light and heavy fuels are exempted. The Act proposal on Excise Tax has recently (January-February 2003) been discussed in the Czech Government. This proposal includes an increase of excise tax on alcohol and tobacco as well as an equalisation of the rates on fuels to the actual EU minimal level. Figure 1 shows the comparison of EU actual rates, rates proposed by the Monti proposal (COM(97) 30, and rates proposed under the Spanish Presidency and further discussed under Danish ones in year 2002 with current Czech rates.

The Ministry of Finance in cooperation with the external advisory working group prepared and presented the material "Budgetary Outlook 2003 – 2006: Concept of public budgets reform" in December 2002. Revenue-neutral ecologic tax reform was also explicitly mentioned, but only environmental taxes were discussed in 1 long page of the material. The concept of the neutrality and the recycling of the revenues was not mentioned at all. The material includes ideas already mentioned above. The levy on the use of proprietary rights for scarce natural resources of type of frequencies was added as a further possible base for future taxation within the reform.

Ministry of Environment

ETR principles of the Ministry of Environment as presented in November 1st 2002:

- revenue-neutral
- full compensation via cuts of labour taxes
- gradual steps of implementation
- time to accommodate
- long-term perspective
- not harm economy as a whole

The Ministry of the Environment sees these steps for ETR implementation:

- minimum increase of taxation on fuels and electricity
- alternative: start with coal, continue later with other fuels
- taxation on natural resources in long-term horizon (15-20 years)
- increase of rates in yearly or two-years periods
- taxation should be treated within the current excise tax regime, possible taxation on natural resources within new environmental tax that is part of the law, but the title has not been filled in yet
- tax relieves for technological processes
- temporary tax rebates for energy-intensive sectors (new installations not be exempt).

Milan Scasny

Figure 1: Minimal rates on energy products tax in the EU and in the Czech Republic

Product	Min. rates cf. Directive 92/82 (EEC)	Minim. Rates Monti Proposals COM(97)30			Rates decided for 2004	Current Czech rates
		1/1/98	1/1/00	1/1/02		
Motor fuels						
Unleaded petrol per 1000 litres	287	417	450	500	359	358
Leaded petrol per 1000 litres	337	417	450	500	421	358
Gas oil (diesel) per 1000 litres	245	310	343	393	302	269
LPG per 1000 kg	100	141	174	224	125	94
Kerosene per 1000 litres	245	310	343	393	302	358
Natural gas per GJ		2.9	3.5	4.5	2.6	0
Heating fuels						
Gas oil per 1000 litres	18	21	23	26	21	269*
Heavy fuel oil, 1% S/1000 kg	13	18	23	28	15	0
Other heavy fuel oil/ 1000 kg	13	22	28	34	15	0
Kerosene per 1000 litres	0	7	16	25	0	0
LPG per 1000 kg	0	10	22	34	0	0
Natural gas per GJ	0	0.2	0.45	0.7	0.3	0
Solid energy products per GJ	0	0.2	0.45	0.7	0.3	0
Electricity per MWh	0	1	2	3	1	0

Note: The tax rates exclude sulphur taxes and VAT

* There is no tax on gas oil in reality because all tax is refunded if it is proved that gas oil was used for heating purposes.

Are there chances to introduce energy taxes in CEEC countries?

Energy taxes will not mean great changes in all cases, but where they do raise rates significantly, they are all the more necessary, particularly in light of the entrance of the new member-states into the EU.

(Charles University Environment Center, Prague, February 15, 2003)

The new member-states are not forerunners in the implementation of environmental policy. However, a lot of economic instruments have already been implemented in their legislation and fiscal systems. There are more than 40 tax and charge bases that used to be marked as environmental levies in the eleven Central and Eastern European Countries (hereafter CEEC); see e.g. REC 2000 or EEA 1999.

Motor fuels, waste management, water use and mining are areas covered by these levies very well. On the other hand, air transport, agriculture and nature conservation are the areas with the worst tax/charge cover in CEEC. There is only one country with a levy on CO_2 emissions – Slovenia. Rates of environmental levies are more or less comparable with the rates introduced in the EU member-states. As Figure 1 shows, the revenues from environmental levies in terms of the ratio of GDP and tax revenues are - at least for Visegrad countries - comparable with the average OECD figures.

What's more, the revenue from environmentally related levies in the Czech Republic and Hungary present higher relative values than OECD (arithmetic) average figures; all Visegrad countries are even better off if we take weighted OECD figures. One reason for the relatively higher share is lower base of GDP for tax revenue expressed in absolute terms. The revenue for Visegrad countries varies much more if expressed in USD per capita. They represent only 30 % of OECD average in Czech

Republic and about 15 % in Poland and Slovakia. However, the values for the Czech Republic and Hungary are comparable with OECD average if we use purchasing power parity instead of exchange rate.

Although, the situation is comparable with one in EU Member States – at least taking average figures - the environmental levies are ineffective in reaching the reach goals of environmental policy and moving economies more towards to sustainable development, and their rates are far lower than Pigouvian rates in Visegrad countries. Rates of "typical" ecological charges are in the most cases too small to change consumption and production behaviour; they were introduced mostly to get money for the state environmental funds.

On the other hand, the macroeconomic and fiscal conditions in the Visegrad countries are not enviable. First, there are relatively high state budget deficits and dramatically growing public debts in all Visegrad countries – state budget deficit reaches about 5% of GDP in Poland, 7% in Hungary and the Czech Republic. Public debt in the Czech Republic will grow from 13% in 1998 to 20% in 2002 and 42% in 2006 (if no public finance reform is implemented).

Second, the large share of mandatory expenditures is stated on the expense side of their budgets. The mandatory expenses together with quasi-mandatory expenses (wages of officials, defence expenditures, etc.) in the Czech Republic reached 82% of total public expenditures in 2002! The need for a comprehensive reform of public budget is obvious, not only to fulfil the Maastricht criteria to become a member of European monetary union.

Thirdly, all Visegrad countries also suffer from high unemployment. The unemployment rate has continuously grown for the last 5 years in candidate countries and reached an average of 13% (unemployment in the EU-15 is at 7.8%). There is more than 16% unemployment in Latvia, Poland, Slovakia and Bulgaria.

Fourth, Visegrad economies are still more energy intensive than EU or OECD economies on the average (however, we can get a better comparison if the figures are expressed per capita). While OECD and EU-15 economies use less than 0.2 toe per thousand GDP in 1995 USD, Visegrad countries still use 0.6-0.8 toe per thousand GDP.

National currencies significantly appreciated in value during first half of year 2002, leading not only to cheaper fossil fuels but also to problems with the trade balance.

More than internal circumstances, the external development and pressures could be important for new changes in the fiscal and environmental policies in the Visegrad countries. The discussion about the proposal Directive on energy taxation is one of them. In reality, the proposal on the Taxation of energy products – as presented at the end of the Spanish Presidency and discussed during the Danish one - need not present any significant pressure on tax system of Visegrad countries. Tax rates on electricity (1 euro per MWh) and solid fuels (0.3 euro per GJ) not introduced in the Visegrad at all could be a small incentive to go more forward. But a one cent tax on electricity would lead to an approximately 1 per cent increase of the total price of electricity if implemented here.

The directive proposal on taxation on (commercial) diesel could lead to more radical changes in Visegrad fiscal systems. The current minimal tax rate on diesel in the EU of 0.245 € per litre should be replaced by one fixed rate that will be indexed according to the inflation rate (0.36 € per litre in 2006). The current tax rate on diesel in the Visegrad countries is 0.27 € in the Czech Republic, 0.317 € in Hungary, 0.289 € in Poland and 0.256 € in Slovakia.

The importance of the issue was underlined by working groups. There is a Green Budget Reform Working Group at the Environment Committee of the Hungarian Parliament. The secretary of the working group is Zoltán Szabó from CAAG. The Polish working group was established ad-hoc by the Secretary of State in the Ministry of the Environment of Poland. It consists of academic experts, representatives from the Polish MoE and MoF, and NGOs (ISD). The inter-ministerial Working Group on ETR was also set up by the Ministry of the Environment of the Czech Republic at the start of 2003. The WG includes representatives from the ministries of finance, the environment, industry and trade, labour and social affairs, transport, and representatives of trade unions, industrial association and academia. The representative of the Czech EFR Platform is also member of the WG.

Should EU Member States be afraid of Visegrad countries if energy taxes are introduced? Will the new rates represent significant pressure involving the economic impact in Visegrad economies? Could they block the "progress" in energy taxation if nothing happens in the EU? If the rates are close to the proposal discussed last year, we can say NO. The Visegrad rates are, in most cases, already above the obligatory minimal tax rates on energy products. If they are slightly under them, legislation to equalise them with these minimums is very close to approval.

New governments in Visegrad countries – most elected last year – could bring more change and restructure our Visegrad economies using the concept of environmental tax reform. However, legislative and institutional changes in CEEC were supported - if not woken up – by the legislative requirements of the EU. ECOFIN could bring the first incentive about energy taxation. So we will see the results in the coming weeks, months, and probably years...

Milan Scasny

Figure 1: The revenue of environmental levies in the OECD, Austria and Visegrad countries.

Country	% GDP	% total tax revenues	USD per capita	
			By exchange rate	By purchasing power
Czech Republic	2.90	7.98	157	431
Hungary	2.90	7.38	132	348
Poland	1.96	5.76	80	190
Slovakia	2.22	6.19	80	246
Austria	2.81	6.43	663	789
OECD min./max. range	**1 - 5**	**4 - 13**		**50 - 1,600**
Arithmetic average OECD	**2.57**	**6.89**		**534**
Weighted average OECD	**1.95**	**5.35**		**408**

Note: A higher ratio expressed by arithmetic average than by weighted ones shows at relatively higher green levies introduced in smaller countries as the Netherlands and Denmark than in bigger states as USA.

Resource: OECD 2002; author own calculation.

4. GREEN BUDGET REFORM WORLDWIDE

Washington: Congressman considers tax breaks for cyclists

While expenses for business travel by car is tax-deductible in the US, trips taken by bike cannot be written off there, unlike in other countries. That may, however, be changing soon.

(http://www.gristmagazine.com)

It's a paradox that has long puzzled cyclists. Commuters who burn a precious resource - oil - to drive to work get a tax break. Those who use their own muscle power to pedal bikes to the office do not. With the war in Iraq and gas prices soaring, cycling advocates think they have found an answer that both parties can embrace: give bikers a tax break.

"Why should we discriminate in terms of tax treatment for somebody who is not polluting the air, not causing traffic congestion and not taking away from our petroleum reserves?" asked Rep. Earl Blumenauer, D-Ore.

Biking to work is cheaper than driving or taking a bus, he added, "but it's not free." Blumenauer, 54, founder and chairman of the bipartisan Congressional Bike Caucus, has biked to his Capitol Hill office for years. Now he hopes to give cycling commuters the same tax advantages available to those who drive or use mass transit. Currently, employers may offer a commuting tax-exemption benefit totalling $180 for qualified parking plans or $100 for transit and van-pool expenses. The Bike Commuter Act, co-sponsored by Rep. Mark Foley, R-Fla., would extend those benefits to workers who commute by bicycle. With gas prices now at $2 per gallon or even higher, "the notion of energy conservation should have some broader appeal," Blumenauer said. Budget officials estimate the bike bill could cost as much as $114 million a year in lost revenue - a fraction of the $3.7 billion annual cost of tax breaks for drivers and mass transit users. Cycling long has been popular in Oregon, where hundreds of miles of bike boulevards, paths and lanes take commuters and casual cyclists through leafy neighbourhoods, along the Columbia River and across bridges spanning the Willamette River. But cycling advocates say passion for pedalling has gone national. According to the League of American Bicyclists, nearly 1 million U.S. workers commute regularly by bicycle. The federal Bureau of Transportation Statistics lists bicycles second only to cars as a preferred mode of transportation. Biking's growing popularity was evident during a National Bike Summit this month in Washington. Cyclists from 47 states converged on the city for three days; it was the biggest turnout in the event's three-year history. The summit's popularity coincides with growth of the bike caucus. The bipartisan group, established in 1996, now includes more than 100 House members. The Senate has started its own group with more than a dozen members so far. Rep. Jim Oberstar, D-Minn., a caucus member, calls a cycling a key part of his life.

"It's my relaxation, it's my personal therapy and it's my fitness," said Oberstar, 68. It also is good public policy, he says. In the past decade, spurred largely by the bike lobby, Congress has more than quadrupled spending on bike projects - to nearly $2 billion. That has helped build almost 20,000 miles of bike trails, put bike racks on buses and establish biker safety programs nationwide. The Bike Commuter Act would be their biggest accomplishment yet, advocates say. The bike caucus has sponsored the bill several years in a row, but Blumenauer said he is optimistic this may be the year.

"The momentum is building," he said, "and it's the right thing to do."

5. ACTIVITIES

Green Budget Germany (FÖS) on its way to Europe

Dr. Anselm Görres, chairman of FÖS, says progress has been made in Germany, but the ecotax is in danger of being repealed and must be continued.

(Extract of the speech of Dr. Anselm Görres held at the FÖS advisory board meeting, March 21, 2003)

Welcome Address to FÖS Board Meeting

Dear Friends of FÖS and green taxes, welcome to Munich!

As your host tonight, it is both my pleasure and my obligation to tell you something about the people […] and the topics that will be part of these two days.

Traditionally, we call this our yearly FÖS Marathon, because these two days are full of important things, as you will see in a minute. But of course the meeting of an esteemed board tops them all.

LINK

[…] of course, the people who are at the center of this evening are the Board Members themselves. They are also in the center of my list.

I welcome Prof. Hans Binswanger from the University of St. Gallen in Switzerland, Prof. Rädler from Munich (former FÖS-Vice President), Dr. Riegel from Berlin who will present his newest research on household efficiency tomorrow. […]

Let me close with our most prominent guest of honor.

Mr. Martin Bursik from Prague is a former Minister of the Environment for the Czech Republic. It is reassuring to know that the longer politicians are out of office, the more they tend to be in favour of ecological taxation.

[…]

Topics and Issues

Topic No. 1, at least in the background, will be the terrible war in Iraq. And no one should say there is no connection to ecotaxes. Quite to the contrary, the war and the preceding events show very clearly

We need more, not less international agreements and global governance

We need to continue to build a stronger, more unified and more influential Europe

The US official energy plans foresee a 40 percent increase in energy imports. Already today, the US is importing more than half of its energy supply, thus making it the biggest energy importer in the world. We do not want wars for the right to waste energy; we want western societies to learn to use less energy.

So I think we all have a very good reason for being here and sacrificing our time and money for something as unpopular as higher energy prices!

I also think the FÖS has very good reasons to take part in the next World Ecotax Conference in Sydney, and that not only with one, but with three persons. Andrea, Christof and myself will be representing not only FÖS, but also our common work for Green Budget Europe - both the newsletter and the new association we are fighting for.

And I find we should not stop going to such conferences even if this means that perhaps a few additional tons of carbon dioxide will be emitted because of our flight. After all, we cannot go by rowboat. And I promise you: for every liter of kerosene that we burn in our work, we will contribute to saving ten or 100 or 1000 times more kerosene because we work for kerosene taxation.

Topic No. 2, in my view, will be the future of the European Green Budget Process. I have mentioned the EU directive, a very important step in the right direction. I am sure that you all will have a lot to contribute to this.

Topic No. 3, at least for the German part of the audience, will be the future of the German Ecotax Laws. The first phase will end in December of this year; there is no automatic continuation after 2003.

So our primary target and obligation will be the fight for continuity.

There must be no "*Fadenriss*", no interruption. An ecotax that is discontinued is an ecotax that is endangered.

It is reassuring to note that the polemics from the opposition parties has become less intense. They have looked at the numbers and found that it is not so easy to replace a tax that brings almost 19 billion Euros annually to the federal budget. One Social Christian politician (from the Bavarian CSU) even asked at their annual strategy meeting: Why, after all, are we so much against ecotaxes? This is exactly what we have been asking ourselves these last few years.

I wish you all a wonderful evening, good food – whether vegetarian or traditional Bavarian, good drinks, enlightening conversations. And we are very glad, and very proud, that you have come tonight.

6. LETTERS TO THE EDITOR

Correspondence by e-mail between Mr. Khemani, Department of Geography, London School of Economics, and Dr. Anselm Görres, Green Budget Germany

Question of Mr. Khemani:

"We (the LSE Geography department) are currently researching the equitability of ecotaxes. As you know, the deepest foray of the UK government into this field is in the form of the landfill tax. Are ecotaxes equitable? If no, how have governments sought to address equity concerns in the use of ecotax?"

Answer of Dr. Anselm Görres:

Dear Mr. Khemani,

Very few questions are discussed as superficially as this one. Let me just give you - instead of a comprehensive answer - the most important elements it would take to respond.

1. As everyone who has studied the issue of "incidence" in depth knows, the final distributive effects of any government program are very difficult to assess. Most people judge it very superficially, namely by who is the nominal bearer of a given tax. Economists know that the real effects can only be estimated, and that this estimate must also take the dynamic reactions of the entire economic system into consideration. Very often, the final incidence is totally different from what it looks at first sight. My personal guess is that, in the long run, the burden of ecotaxes is born not by consumers, but by providers of energy, particularly in the case of fossil energy. So that would indicate that natural gas taxes are born by countries like Holland, Norway, Russia, fuel taxes by OPEC countries and so on.

2. As with all government revenues, we must look

not at the tax alone, but also at what the government does with the tax receipts. Does is spend them, and - if so - on what? Does it use them to reduce other taxes, or to pay back the public debt? It all depends, as usual.

Despite what I said above on long-run incidence, I do believe that the government has at least some control about the burden shifting intended by the Green Budget Reform. For instance, if you use ecotax proceeds to lower taxes and other levies on labour, you can expect some reduction in the cost of labour. And when you are talking about European Countries, with their excessive taxation of labour, a tax shift from labour to energy seems to make a lot of sense, because you can expect a double dividend in the sense of positive effects both for the labour market and for the environment.

3. It is often argued that energy taxes are regressive in effect, i.e. burden the poor proportionally higher than the rich. This is of course a matter of empirical analysis. When I look at the large cars and expensive swimming pools of the very rich, I am not so convinced if popular wisdom is right. On the other hand, poor people often live in houses with very bad energy efficiency - and often do not have the chance to change it, because they don't own the house. However, we mustn't forget what happens to the energy tax revenue. The way it is used makes up for the other 50 percent of the distributive effects.

4. The first three points are certainly great stuff for intellectual debates. In public debate, public perception is public reality, and that perception is usually that the little people are hit harder than the wealthy ones. Whether this is true or not plays no real role in the political debate. But for all practical purposes, it is paramount to avoid the impression that ecotaxes hurt the average consumer.

When you look at European countries that have successfully introduced ecotaxes, in most cases there has been a considerable effort to do this in a political package that combines at least some compensation for the socially weaker groups. Green Budget Germany has always supported such a policy. It would be fatal, both on a national as on a global level, if the poorer parts of the population came to believe that they have to share a higher burden of the measures to attain sustainability.

5. Let me add one last thought. There is a tendency in most Western Countries to shift the overall tax burden from direct taxation (basically of incomes) to indirect contributions. In the long run, growth in ecotaxes will be competing against growth of the value-added tax, and not so much replacing labour-based levies.

If this is true, we have to compare the distributive effects of energy taxes versus value-added taxes. You can always shape a political package so that there is no disadvantage of ecotaxes versus general consumption tax. So tell the consumer that's it is much better to tax bad consumption than to tax all consumption, with no difference between whether it's good or bad consumption.

I hope this is of some help to you.

7. EVENTS

02. – 04.06.2003, Budapest, Hungary:
International Perspectives on Environmental Public Policy Conference

Pázmány Péter Katolikus Egyetem

Envisioned as an important follow through to the 2002 Johannesburg Summit, this conference examines the influence of globalization, culture, ethics and science, as well as the role of civil societies and government-business-civil society partnerships on the effective formulation and implementation of international, national, and subnational environmental public policies.

Experts from the Americas, Asia and Europe are invited to discuss current perspectives on environmental public policy. The conference will analyze recent and current practices in the development of environmental public policy as well as the challenges faced by industrialized and evolving economies when developing appropriate environmental policies.

Plenary sessions will include:

- Global Interactive Challenges to Environmental Policy
- Culture and Ethical Perspectives of Environmental Policy

- The Role of Science in Environmental Policy
- Integration, Cooperation, and Collaboration Beyond the State
- Civil Society Participation and Partnerships in Environmental Policy

For additional information and registration, please view: http://artsci.usfca.edu/envpolicy.

You may contact the conference coordinator at conference.msem@usfca.edu.

The conference is organized by the University of San Francisco and Pázmány Péter Katolikus Egyetem.

We look forward to your attendance.

05.06.-07.06.2003, Sydney/Australia: The Fourth Annual Global Conference On Environmental Taxation Issues, Experience And Potential

The Department of Business Law and the Centre for Environmental Law, Division of Law, Macquarie University, are delighted to host the Fourth Annual Global Conference on Environmental Taxation in Sydney, Australia.

This annual conference provides an international, interdisciplinary forum for the exchange of ideas, information and research on environmental taxation issues.

Green Budget Germany will participate at this conference. Chairman Dr. Anselm Görres will hold a speech. The executive directors will promote the GreenBudgetNews project.

Information about the conference program, and registration details are available at:

http://www.law.mq.edu.au/eti

Deadlines:

Final Papers: 14 March 2003

Conference Registration: 9 May 2003

Early Conference Registration Discount Rate: 28 March 2003

Hotel Reservation (special rates): 4 April 2003

For more information, please contact:

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8. LINKS AND PUBLICATIONS

Distributional and Environmental Effects of Taxes on Transportation

Balancing environmental benefits and wealth distribution in transport

This article studies environmental and distributional effects from a differentiated tax system on a set of disaggregated transportation goods. An empirical examination of Norwegian data indicates that higher tax rates on high-pollution luxury modes of transportation - such as air flights and taxis - reduce inequality and increase environmental quality. Lower tax rates on low-pollution transport - such as buses, bicycles, and mopeds - also reduce inequality and increase environmental quality. However, higher taxes on high-pollution necessities such as gasoline have favourable environmental effects, but increase inequality somewhat. Railway passenger transportation appears to be distribution-neutral. In order to interpret the estimates with respect to distributional and environmental concerns, we use a theory of distribution effects based on Engel, child, and adult elasticities and a wide range of empirical estimates of environmental hazards from transportation consumption. For different modes of transportation, we study emissions per passenger-kilometre and per monetary unit.

http://www.ssb.no/cgi- bin/publsoek?job=forside&id=dp-321&kode=dp&lang=en

A conflict of interests in electricity taxation?

Balancing environmental benefits and wealth distribution in household use

In conducting economic policy, governments generally face conflicts between various objectives,

e.g. efficiency and equity. In Norway, one objective of energy politics has been to reduce electricity consumption, and several tax increases have been proposed. Whether this objective may be in conflict with the objectives of efficiency and equity is the focus in this paper. We discuss the effects on household habits under three electricity tax schemes, one proportional and two non-linear. For each household, we estimate the reduction in household electricity consumption. As measures of distributional effects and efficiency effects, we estimate compensating variation and excess tax burden from the tax schemes. We find that the non-linear tax scheme targeting high electricity consumption is most preferred towards reducing consumption and least preferred towards minimizing excess tax burden. When considering distributional effects, the ranking of tax schemes depends on the weight placed on different household groups.
http://www.ssb.no/cgi-bin/publsoek?job=forside&id=dp-338&kode=dp&lang=en

Swedish report - with an English summary

The report is the result of a Government decision of June 28th 2001 to ask the Finance Department for a special review of the taxes on fertilizers and pesticides. The report is now finished and issued in February 2003.

The Swedish report has an English Summary starting at page 31 as an inspiration for other countries.

You can find the report here: http://finans.regeringen.se/propositionermm/sou/pdf/sou2003_9a.pdf

Links

Subsidy Watch contains information on the latest publications on subsidies from around the world, including newspaper articles, academic and government publications, and other English-language sources. http://iisd.ca/subsidywatch/

Environmental Tax database: the database on Environmentally Related Taxes is developed and maintained in close co-operation with the European Commission and the European Environment Agency (EEA). http://www.oecd.org/EN/document/0,,EN-document-8-nodirectorate-no-1-3016-8,00.html

Environmental Tax Reform / Resource Guide:

Overview of Environmental Tax Reform, State-Focused Publications, Competitiveness / Employment Concerns, International Surveys and Data, Overview of the Tax System, Newsletters, Models.
http://www.sustainableeconomy.org/other.htm

This site contains a wide variety of information of use to those interested in the topics of ecological tax reform, taxation and subsidy reform, government environmental policies, eco-efficiency, or sustainable development and government policy. Through the annotated bibliography and case studies, it provides tools for people seeking change. http://iisd1.iisd.ca/greenbud/default.htm

A working paper "Implementing the Kyoto Protocol Without the United States: The Strategic Role of Energy Tax Adjustments at the Border" can be downloaded at http://www.glogov.org/workingpapers/index.html

9. SPECIALS

Farmer Hansen doesn't care about the eco-tax

10. READERS GUIDE AND IMPRINT

Readers Guide:

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Now enjoy reading the second edition of the Green Budget News!

Best wishes from the editors!

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