ECOTAXNEWS NO. 1 – JULY 2002

NEWS AND DISCUSSIONS ABOUT THE ECOLOGICAL TAX REFORM

FÖRDERVEREIN ÖKOLOGISCHE STEUERREFORM (FÖS) E.V.

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1. EDITORIAL

Dear Friends of FÖS and the Ecological Tax Reform,

After having published the first English newsletter **ETN No. 0** last October we are proud to present a second English version of it.

From now on we are planning to provide you with information on the Ecological Tax Reform periodically, that is at least three or four times a year. More frequent editions are dependent on further contribution. If you want to help us go on with our English newsletter please read the chapter “FÖS Internal: Participation”.

We would be very pleased if you would let us know how you liked our newsletter and if you are interested in obtaining further ones.

It is obvious, that we have a greater choice of articles in German than in English at present. Therefore we are able to publish the German newsletter monthly. If you would like to receive the German newsletter with more news about the ETR – please let us know (mailto:foes@foes-ev.de).

Do you know other people interested in Green Taxes? Please provide us with their email-address.

Thank you for your attention and enjoy our new newsletter!

Your FÖS-Team

Twice to the USA and back

Europe’s ecotax experts share their ideas with interested Americans

The personal travel impressions of Dr. Anselm Görres[1]

1 Born in 1952, macroeconomist, founder of FOES (Association for the Promotion of Ecological Tax Reform) and main author of the FOES Memorandum ’94 (“The Way to Ecological Tax Reform”, revised edition 1998 agenda Verlag). He is currently the chairman of FOES and managing partner of ZMM Zeitmanager München GmbH, which provides consulting services to mid-size companies and offers temporary management services. Info on FOES: Brienner Straße 44 · 80333 Munich · Phone +49-(0)89-520 113-13, Fax -14 · foes@foes-ev.de · www.foes-ev.de.

In March 2002, the Oregon Environmental Council invited me to give a total of four speeches in their Pacific-coast state, which is considered especially green. Six weeks later, in April 2002, I was on the east coast, where Janet Milne, member of the board of directors at FOES, was organizing the *Third Annual Global Conference on Environmental Taxation* in Woodstock, Vermont. The following report sums up my subjective impressions and the highlights of my travels to the two conferences.

"I've been waiting all my life for that."

Along with Vermont, Oregon is considered the state with the highest environmental awareness. Its idyllic location – between the Pacific Ocean and the Cascade Mountains, with the powerful Columbia rivers flowing through it – may contribute to this status. The flight also set the positive mood: the last news before taking off in Europe was Ken Livingston's decision to have a toll introduced for cars in London's inner city. On arriving in Seattle, the headlines were devoted to a tax increase on gasoline in Washington of 4 cents per gallon.

In Oregon, I was surprised at the openness and curiosity with which the European export "ecotax" was being greeted. I should point out that the audience at the four events (three in Portland, one in Eugene) did not just consists of hardcore environmental activists, but rather a mixture of middle-class businesspeople, researchers, and politicians; only in the university town of Eugene were there predominantly students. Of course, the identity of the organizer and the content meant that most of the participants were open to ecological ideas.

But I was positively surprised to see how strong the conviction was that the path of ignorance and indifference to eco-matters that Bush was taking was the wrong way and how much acceptance there was for the idea that the USA could learn a lot from Europe about general environmental policies and ecotaxes in particular. When I spoke about rediscovering the traditional American virtue of thriftiness, an 80-year-old farmer of German ancestry added that he had been waiting all his life for this important virtue from his youth to be held in honor again alongside environmental protection.

Link: http://www.orcouncil.org/Events/BusinessForum.htm

A professor of accounting founds the first worldwide ecotax reform

The ecotax conference in Vermont was the third one so far. It all got started in June 200 in *Cleveland*, where *Larry Kreiser* teaches accounting. In *Hope Ashiabor* (Australia), *Kurt Deketelaere* (Belgium), *Alberto Majochi* (Italy) and *Janet Milne* (Vermont), he found people of like mind all over the world, but today there is still no formal organization for the upcoming fifth global conference. After *Vancouver* (April 2001) and *Vermont*, the fourth and fifth conferences are scheduled for Sydney (Juni 2003) and Pavia (2004).

As in Oregon, the three previous conferences on *Environmental Taxation* lack much of the politics – and mudslinging – that characterizes the German discussion on ecotaxes. The North American discussion style keeps its humor and pleasantness even when differences of opinion are grave. The sponsorship of the conferences by renowned, established companies thus was not incongruous, though also not very common; Arthur Anderson was one.

The previous two conferences had already managed to attract a positive, heterogeneous audience of academics, business and government. But Vermont was somewhat of a highlight both in terms of the quantity and quality of the participants; renowned politicians and researchers gave speeches.

The issues were embedded in precise questions *(what works – what doesn't work?)* to enhance the focus. In light of the multitude of ecotax approaches mentioned, the focus remained somewhat diffuse. But that in and of itself was the first important message of the conference: from Sydney to Singapore and from Europe to the USA, eco-fiscal campaigns are not only being discussed, but also put into practice. Germans can breathe a sigh of relief: we are not *at all* going it alone, as is often claimed!

On the other hand, as *Jim Jeffords* made clear, on the federal level only subventions can be considered at the moment, and only symbolic ones at that. Jeffords was recently the governor of Vermont and is now one of the most influential senators as the chairman of the environmental committee. He became famous worldwide when he left the Republicans and became an independent, giving the Democrats a majority in the senate.

Links: http://www.greentaxes.org/notices.asp, http://www.vermontlaw.edu/elc/envirotax.cfm, mailto:hope.ashiabor@mq.edu.au.

Ecotaxes do not hamper international trade

Daniel Esty had another important message to share that surprised many. The professor for environmental law and politics at Yale emphasized that ecotaxes do not hamper international trade, but can even be especially WTO-compatible. After all, they make the burdens of imports and export very transparent in most cases. In contrast, the economic effects of many other environmental instruments are hard to quantify and thus resemble other disguised trade obstacles. In addition, Esty sees an increasing international consensus that ecotaxes are absolutely in line with border tax adjustments (BTAs). His thesis also met with the approval of *Andrew Hoerner* (Washington expert for ecotaxes and world trade) and Zen Makuch (lawyer and trade expert at the *Imperial College* in London).

Links mailto:daniel.esty@yale.edu, http://www.eva.wsr.ac.at/energytalk/energiesteuer/biblio/lit55.htm, http://www.wupperinst.org/wuppertal-bulletin/archiv-ausgaben96-97/WBd/WBd_2_96/WB_2_96_JL_NP_II_A.htm

Neo-Georgists and Neo-Physiocrats

In the second half of the 19th century, American politician Henry George was very successful as a senator, party founder, and presidential candidate with a leftist mixture of criticism of capitalism and calls for higher taxes on land. His concept of a the land tax as a unique tax harkened back to the old demand of physiocrats for an *impôt unique*. True to their teaching that land is the source of all wealth, the physiocrats made taxing its ownership a priority. Current Georgists, who are occasionally found at English or American ecological and ecotax conferences, seem to be a bit of a sect – and are certainly an oddity. But they are living proof that the belief that the use of creative natural forces entails an obligation to the common good is held far beyond the narrow circles of ecotax proponents. But there are also more modern forms of Georgist thought. For instance, many people greeted the UMTS auctions in Europe as an example that the state should not offer the resources it controls for free, but rather use them to finance public expenditures.

The contribution from Singapore was also a bit of an oddity. While Singapore has had a lot of success stories in limiting car transport, one odd thing was that this was the only conference topic that managed to raise any interest among the journalists present. In addition, the multitude of competing and overlapping efforts with which the authorities in the city-state are limiting car traffic are themselves unusual. It's not exactly what Nobel Prize winner Tinbergen had in mind when he spoke of *one* instrument for *one* goal. Those who advocate certificates may find Singapore's experience interesting: limiting the number of car licenses sold each month led to enormous fluctuations in license prices. The greatest blemish on the Singapore model, in spite of the impressive successes, was the undemocratic character of its makers. But to the credit of the American hosts, they were too hospitable to mentioned this.

Link: http://www.angelfire.com/az/physiocrat/

Linking of taxes ist populist, but also undemocratic

European, and especially German proponents of the ecotax are currently experiencing the truth behind the old adage *Damned if you do, damned if you don't*. Before ecotaxes became the law, one of the most important objections of its opponents was that ecotaxes would just give the financial ministries another smokescreen for raising taxes. In light of this, the pledge of compensation has become a sacred oath of all advocates of ecotaxes. Every cent taken in from the ecotax is to be balanced by reductions in other taxes, especially those for labor. Political links of ecotaxes with reductions in pension plans have largely fulfilled this promise.

But as soon as this happened, ecotax opponents changed their complaints. They began criticizing the ecotax because it did not go towards ecological projects – without noticing that doing so would lead to the increase in "big government" that they had been so critical of before. An American conference participant provided some illustrative examples of what earmarking taxes can lead to: severe limitations on what the legislative branch can decide. On some states in the USA – for instance, Alabama – the representatives can only make decisions about a fourth of the budget because a multitude of taxes are earmarked. The German constitutional and fiscal tradition does not insist on the principle of non-affectation for nothing. All state income has to be available cover all state expenses; anything else would endanger the primacy of the legislature over the budget. The institutional earmarking of ecotaxes would thus not only lead to “bigger government”, but ironically also limit the freedom of the legislature of this bigger government. It would unnecessarily address a conservative-populist skepticism of the state that would, in reality, undemocratically weaken the legislature.

Conference reveals failures of Europeans and Germans

The result of the Vermont conference is thoroughly positive: a pleasant atmosphere, perfection and professional organization, and stimulating, competent speeches by numerous speakers. For Europeans, there was the pleasant side effect that these conferences have become an informal *European Ecotax Forum* – which also underscores the lack of a true European ecotax organization. There were, for instance, fruitful seminar discussions and informal talks about the opportunities of EU-wide ecotax legislation under the Spanish presidency.

The low number of German participants was one disappointment despite all of the positive aspects of the conference. Most of the Germans present were committed outsiders, not prominent representatives of the scientific mainstream. Small states such as Belgium, Denmark, Ireland, and the Netherlands sent larger, higher ranking delegations than the leading western European nations. In light of the multitude of interesting issues, participants, and conference locations, German participation should be much greater is Sydney and Ispra.

Ecotaxes: Back to Adam Smith, the Moralist and Economist!

Read the speech our chairman Dr. Anselm Görres held during his visit to Oregon/U.S. this spring.
http://www.foes-ev.de/downloads/PortlandText+SBs.pdf

2. ETR AND ENVIRONMENT INTERNATIONAL

Exxon Mobil rubbishes green investor report

Exxon Mobil Corp, the world's biggest oil company, labeled as "ridiculous" a report by a group of dissident investors that the company's stance on global warming hurt shareholder value.

The report, written by Mark Mansley of Claros Consulting, said the oil giant's approach to climate change could cost the company dearly in the future if it failed to diversify into renewable energy and end its dependence on big oil.

"It's ridiculous to suggest that Exxon Mobil's approach to climate change is diminishing shareholder value," the company said in a statement, adding that Exxon Mobil took climate change very seriously.

Exxon Mobil logged sales of $213 billion last year, and netted $15 billion in profit, slightly below the previous year's record taking.

The report published on Thursday States that Exxon is perfectly positioned to champion climate change concerns without compromising big profits.

A former Director of Chase Investment Bank, Mansley argues that Exxon should capitalize more on its huge reserves of gas, which is cleaner than both oil and coal, revenue from emissions trading schemes, and diversify into renewable energy sources such as wind, solar and wave power.

Mansley also favours the idea of a tax on carbon, where the revenue from the tax is given back to energy companies to invest in renewables. That, he says, could be designed to be "revenue neutral" for the companies or even create a net surplus.

The oil giant has fought tooth and nail against mandatory reductions in carbon dioxide emissions, questioning the science behind global warming and a worldwide treaty on climate change - the Kyoto Protocol.

Mansley sees a risk that oil companies could be held legally responsible for global warming, and become subject to litigation in the same way that tobacco companies have been forced to pay billions of dollars compensation to sick smokers.

"The risks Exxon Mobil is exposing itself to are far greater than the risks the company faces from any likely policies to reduce emissions," his report reads.

Mansley thinks the company could lose up to $50 billion from damaged reputation alone.

"In years to come, the legal costs could amount to between $200 million-$1 billion a year if the tobacco industry is any guide."

He said that establishing liability for global warming is still years away, but said that if oil companies were found to be liable, the damages could potentially exceed $100 billion.

By contrast, he said the cost of what he called "reasonable climate change policies" could be as little as $2 billion.

Exxon said it had already taken action on a global basis to improve energy efficiency, reduce its own emissions and help develop technologies that offer solutions.

A spokesman said the company has held an anti-Kyoto Protocol stance, consistent with the United States, and has not invested in renewable energy as it believes the cost-benefit analysis simply does not add up. This has led to it being unfairly targeted by environmentalists, he added.

Exxon's rivals Shell and BP have recently hiked in renewable energy projects.

Exxon Mobil said the group which commissioned the study proposed green energy resolutions at company meetings for many years but they have been overwhelmingly rejected.

The investors who commissioned the report, shareholder activist, Robert A. G. Monks, the Coalition for Environmentally Responsible Economies, and Campaign Exxon Mobil, own roughly two million shares in Exxon.

Last year a resolution they tabled at the annual general meeting was supported by 8.6 percent of investors, or roughly $26 billion worth of stock (Reuters News Service, 06/05/2002).

Michigan Wants a Guidance Role in Regenerate Energies

Hoping to make Michigan a world leader in the development of alternative energy technologies, Michigan Gov. John Engler (R) has unveiled a comprehensive economic development plan called "Next Energy" that would promote the alternative energy industry in the state.

The plan calls for the creation of a 700-acre tax-free zone near Ann Arbor to attract alternative energy companies.

On introducing the plan, Engler said that the market for fuel cell products is expected to grow to $95 billion by 2010. He also cited Michigan's dependence on jobs in the manufacture of the internal combustion engine and the likely replacement of that technology by new technologies as reasons to get a jump-start on luring the alternative fuel industry to the state. Companies involved in the research, development, or manufacture of such technologies would be exempt from the state business, property, sales, and use taxes. The plan also calls for the creation of a Next Energy Development Fund to provide venture capital seed funds to alternative energy companies (Tax News Update, Vol. 22 No. 4, 30/04/2002).

The press release is available at

http://www.michigan.gov/emi/1,1303,7-102--28227--,00.html

First Carbon Dioxide Limitation in the U.S.

The final legislative version of New Hampshire's multi-pollutant reduction program to regulate power-plant emissions (HB 284) is the first in the country to include carbon dioxide emissions. The program outlined in the bill caps emissions at their current levels and establishes a system of emissions credits which can be traded among power generators. The legislation establishing the new system anticipates lowering the carbon emissions cap in 2010. It is scheduled to take effect July 1, 2002 (Tax News Update, Vol. 22 No. 5, 07/05/2002). For the text of the bill, see:

http://www.gencourt.state.nh.us/legislation/2002/hb0284.html.

US-subsidies for biofuel

The farm bill President Bush signed last week included a number of provisions designed to increase energy efficiency and renewable energy resources in the agriculture industry.

Title IX of the bill, which specifically addresses energy, provides $204 million in subsidies over the next four years for producers of fuel-grade ethanol and biodiesel. It also provides $5 million to educate consumers about biodiesel and $6 million to establish a new program to encourage the purchase of biobased products by federal agencies.

The bill also encourages farmers to be more energy-efficient and to use renewable energy systems, including wind energy systems, by providing $115 million over the next five years for low-interest loans, loan guarantees, and grants. In addition, it would allow wind energy and bioenergy projects on Conservation Reserve Program lands when compatible with the program’s established conservation goals. According to Carol Werner, Executive Director of the Environmental and Energy Study Institute (EESI), which conducted an analysis of the bill’s energy provisions, “Developing our nation’s on-farm renewable resources is key to diversifying our energy market, enhancing national security, and protecting our environment, and...spurring development of new businesses and jobs...” (Tax News Update, Vol. 22 No. 7, 21/05/2002).

See the Department of Agriculture’s press release at:

http://www.usda.gov/news/releases/2002/05/0189.htm.

To read a summary of the Farm Bill, see:

http://www.senate.gov/~agriculture/Briefs/2001FarmBill/conframe.htm.

The EESI website is: http://www.eesi.org.

American Research Group Report Assails Clear Skies Initiative

A report released last week by the U.S. Public Interest Research Group (PIRG) finds that carbon dioxide and toxics emissions from the nation’s most polluting coal-burning power plants have increased by 8 percent over the last six years. The report criticizes the Bush administration’s Clear Skies Initiative, a proposal that would allow power companies to purchase emissions credits for sulfur dioxide and nitrogen oxide emissions, arguing that it would still allow certain plants to increase emissions. Eric Schaeffer, the former U.S. EPA civil enforcement Director who resigned in February, agreed with PIRG’s Assessment, saying, “Continuing to rely on a pollution-trading approach – as the Bush administration wants to do – plays Russian roulette with the health of communities at the wrong end of these schemes” (Tax News Update Vol. 22 No. 2, 10/04/2002). To download the report go to

http://uspirg.org/uspirg.asp?id2=6275&id3=USPIRG&

More and More Regenerative Energy in the U.S.

In June 2001, the city of Chicago and 48 city government agencies signed a contract with local utility ComEd to purchase 10 percent of their electricity from renewable sources, a figure due to increase to 20 percent in five years. This is the largest such purchase in the United States, but Chicago is just one example of the many cities, businesses, and individuals who are buying "green power." Utilities in 8 states and many other industrial countries now offer such purchases (Bernie Fischlowitz-Roberts, Earth Policy Institute, 02/04/2002). Read more:

http://www.earth-policy.org/Updates/Update9.htm

Those`2,000 acres` in the Arctic refuge are a big fraud

Last week Interior Secretary Gale Norton the standard response to concerns about extensive oil development in one of America’s last wild places: “The impact will be limited to just 2,000 out of 1.9 million acres of the refuge.” That number comes from the House version of the Bush-Cheney energy plan, which promises that “surface acreage covered by production and support facilities” will not exceed 2,000 acres. It’s a reassuring picture: a tiny enclave of development, practically lost in the Arctic vastness. But that picture is a fraud.

According to my calculations, my work space occupies only a few square inches of office floor. You may find this implausible, but I’m using a well-accepted methodology. Well accepted, that is, among supporters of oil drilling in the Arctic National Wildlife refuge.

Last week Interior Secretary Gale Norton repeated the standard response to concerns about extensive oil development in one of America’s last wild places: “The impact will be limited to just 2,000 out of 1.9 million acres of the refuge.” That number comes from the House version of the Bush-Cheney energy plan, which promises that “surface acreage covered by production and support facilities” will not exceed 2,000 acres. It’s a reassuring picture: a tiny enclave of development, practically lost in the Arctic vastness.

But that picture is a fraud. Development will not be limited to a small enclave: According to the U.S. Geological Survey, oil in ANWR is scattered in many separate pools, so drilling rigs would be spread all across the coastal plain. The roads linking those rigs are not part of the 2,000 acres: They're not "production and support facilities". And "surface acreage covered" is very narrowly defined: If a pipeline snakes across the terrain on a series of posts, only the ground on which those posts rest counts; bare ground under the pipeline isn't considered "covered".

Now you see how I work in such a small place. By those definitions, my "impact" is limited to floor areas that literally have stuff resting on them: the bottoms of the legs on my office floor is pristine wilderness.

There's a lesson here that goes well beyond the impact of oil drilling on caribou. Deceptive advertising pervades the administration's effort to sell the nation on its drill-and-burn energy strategy. In fact, those of us following this issue can't see why people made such a fuss about the Pentagon's plan to disseminate false information. How would that differ from current policy? What else has the administration said about its energy plans that isn't true?

Top of the list, surely, is the claim that drilling in ANWR is a national security issue, the key to ending our dependence on imported oil. In fact, the Energy Information Administration's preferred scenario says that even a decade after development begins, ANWR will produce only between 600,000 and 900,000 barrels we currently import.

Then there's the absurd claim that ANWR drilling will create hundreds of thousands of jobs – a claim based on a decade-old study by, you guessed it, the oil industry's association.

But the most nefarious aspect of the administration's energy propaganda is its persistent effort to link energy shortages to environmentalism – an effort that, it's now clear often been consciously dishonest. For example, last spring Dick Cheney lamented the fact that the United States hadn't built any new oil refineries since the 1970's, linking that lack of construction to environmental restrictions. I wrote a column last May pointing out that environmentalism had nothing to do with it, that refineries hadn't been built because the industry had excess capacity. What I didn't know was that several weeks earlier staffers at the Environmental Protection Agency had written a scathing critique of Cheney's draft energy report, making exactly the same point.

For now, it's possible for diligent citizens to cut through these deceptions – for example, you can read on the web what the U.S. Geological Survey actually has to say about oil reserves in the Arctic. But I keep wondering when the administration will shut down those Web sites *(Published in "The Oregonian" 4th March 2002, by Reach Paul Krugman)*.

Scientist links ethics, environment

Whether it's ocean dead zones global climate change or salmon's plight in the Columbia River Basin, Jane Lubchenco one of Oregon's most prominent scientists welcomes the participation of religious and spiritual groups in environmental decision-making.

OSU's Jane Lubchenco sees a moral responsibility for the condition of climate, watershed and more

Whether it's ocean dead zones global climate change or salmon's plight in the Columbia River Basin, one of Oregon's most prominent scientists welcomes the participation of religious and spiritual groups in environmental decision-making.

"I believe, in the end, environmental issues are ethical and moral issues", said Jane Lubchenco, distinguished zoology professor of marine biology at Oregon State University.

Lubchenco was invited to explore the link between spirituality and science, most notability the environment, at a Saturday symposium sponsored by the Catholic Archdiocese of Portland and the university of Portland. The topic is of particular interest to Lubchenco and comes when faith communities are increasingly outspoken on environmental issues as an expression of their moral and ethical concern for God's creation.

In February 2001, 12 Roman Catholic bishops from the Northwestern United States and British Columbia issued an unprecedented pastoral letter calling on parishioners to be better stewards of the land, waters and communities within the Columbia River watershed. In June, the U.S. Conference of Catholic Bishops called for a national discussion on climate change as well as "steps now to mitigate possible negative effects".

Last month, a number of Catholic, protestant, Muslim and Jewish leaders traveled to Washington, D.C., to lobby the Bush administration and the U.S. Senate on energy policy. More than 1,200 ministers, rabbis and priests have signed a letter asking the nation's leaders to protect Alaska's Arctic national Wildlife Refuge from oil drilling, to raise fuel efficiency standards for automobiles and to emphasize conservation and renewable resources.

Lubchenco, who recently won the $250,000 Heinz Award for the Environment for her research in marine ecology as well as her public outreach, said she thinks a scientist bears a responsibility to share what is known and what is not known about the condition of the planet.

Although the purpose of her speech Saturday was to explore the link between spirituality and science, she also provided the approximately 120 people who turned out on a sunny day with a factual and somewhat dark assessment of the State of global climate conditions, the oceans and the watersheds that feed them.

"Science has much to offer us, but it does not offer all the answers", she said. "What we do with that knowledge depends upon what we intend to do with our own spirituality".

Although many cite the evolution vs. Creationism debate as the best argument to maintain a clear division between science and religion, 32 internationally known scientists led by Carl Sagan sought to form new alliances in 1990 with a letter calling for the religious community to "preserve the environment of the Earth".

The National Religious partnership for the Environment was created in 1993 as a direct result of the Sagan letter. Today, the New York based organization links 135,000 congregations nationwide. Paul Gorman, Executive Director, describes Lubchenco as "a successor to Carl Sagan" in that conversation between faith groups and scientists.

Lubchenco is the past President of the American Association for the Advancement of Science, serves on the Council of the National Academy of Sciences and is president-elect of the International Council of Science.

In speaking to audiences around the World in the past year, Lubchenco said she often shares the Columbia pastoral letter because it "focuses our attention squarely on our moral responsibilities to care for creation and for each other in an ecological context – in the watershed that is our home" *(Published in "The Oregonian" 4th March 2002 by Michelle Cole).*

Canada Releases Report Showing Low Cost of Kyoto Protocol

If Canada ratifies the Kyoto Protocol, the country will have to reduce greenhouse gas emissions by 6 percent by 2010. The government report found that the cost of buying greenhouse gas emissions permits from countries that have excess emission permits falls dramatically without U.S. participation. A permit for one ton of carbon dioxide would cost $40 if the United States was in the market, that cost would drop to $11 a ton without U.S. competition. The findings were released after 15 European Union members, including the United Kingdom, agreed to ratify the Kyoto pact (Tax News Update, Vol. 21, No. 10, 21/03/02).

Canadian Lawmakers Push Tax Incentives for Renewables

Twenty-nine members of Canada's governing Liberal Party in the House of Commons and three Liberal senators have formally endorsed a report, Unlimited Potential: Capitalizing on Canada's Untapped Renewable Energy Resources, and are calling for additional incentives for renewable energy development. Lawmakers hope that their endorsement of the report will help convince Prime Minister Jean Chretien and Finance Minister Paul Martin to include new incentives for renewable energy -- including tax measures -- in the next federal budget. The report was released by the Liberal Caucus Working Group on Environmental Technologies in late March. The work of a similar caucus task force group in 1994 led to the creation of the National Biomass Ethanol Program. Specific recommendations in the report include:

- Expansion of the 1.2 cents-per-kilowatt-hour production incentive for wind energy to cover all forms of renewable energy;
- Use of a domestic emissions trading system to better account for the hidden health, environmental, and social costs associated with conventional fossil fuel-based energy production;
- Establishment of a renewable fuels standard requiring that a percentage of fuel sold in Canada be from renewable sources; and
- Elimination of the excise tax on biodiesel.

Bliss Baker, President of the Canadian Renewables Fuels Association, said that the report "is proof once again that meeting Kyoto targets does not have to bankrupt the economy, as some are suggesting" (Tax News Update, Vol. 22 No. 1, 03/04/2002).

Russian Ratification, Emissions Credits Called Vital to Kyoto Treaty

Russian participation in the Kyoto Protocol on climate change could ultimately determine its fate, according to Daniel Reifsnyder, Director of the U.S. State Department's Office of Global Climate Change.

Reifsnyer's comments last week at a D.C. Bar and American Bar Association luncheon reflect the new-found leverage of countries like Russia now that the United States itself has pulled out of the treaty. Other experts point out that, aside from the simple ratification by Russia that could finalize the protocol, the more complex matter of excess, tradable emissions expected to be held by Russia and the European ability to buy them -- especially with reduced demand due to U.S. withdrawal -- may also determine how or whether Kyoto works.

Since Russian emissions are already much lower than the treaty's target, the government hopes to profit by selling emission credits. Some experts think the European Union will not have to do anything beyond buying Russian credits to meet the Kyoto targets, said Donald Goldberg, a senior attorney for the Center for International Environmental Law. Although he said the math is unclear on that point, Goldberg added that U.S. withdrawal from Kyoto has taken pressure off the EU to make domestic reductions (Tax News Update, Vol. 22 No. 7, 21/05/2002).

Further Critics About Bush's Climate Policy

US President George Bush has made it clear that his country would continue to pollute the global atmosphere, as before. No matter what this means for climate change, which scientists now say is getting real and worse. This is not news, because Bush has said again and again that efforts under the Kyoto Protocol to set legally binding emission reduction targets for rich countries like his are "fatally and fundamentally flawed".

But what does make news is that the Indian government has chosen to endorse Bush's disastrous proposal. The ministry of external affairs (MEA) has chosen in its wisdom to issue a statement saying that India "welcomes US President George Bush's policy statement on US government's approach to environmental protection and global climate change". US diplomats are thrilled. They have got support for their president's renegade plan from a key country of the G-77.

We are appalled. The Bush proposal is ridiculous. He says that he rejects the Kyoto Protocol because it will hurt the US economy and "cost us jobs". He says he is charged with "safeguarding the welfare of American people and workers" so he cannot commit to an "unsound international treaty that will throw millions out of work". In other words, while he

protects his kitty, the rest of us can go to hell.

We know that climate change negotiations are hard economic negotiations and this is why it has taken the world over 10 years to arrive at any action to even begin to cut emissions of the industrialised north. Global warming - the heating of the earth's atmosphere which threatens to destabilise the earth's climate - is primarily caused by the use of fossil fuels, that is burning coal in power stations, using petroleum for running automobiles and doing just about everything that keeps the economy going. This is the reason why George Bush, leader of the world's largest economy, guzzler of fossil fuels and polluter, has always opposed climate negotiations.

Now he says that in his grand design, he will ask his industry to "voluntarily" cut emissions and sets a target for reducing greenhouse gas intensity - making the economy more energy efficient so that as it grows, the intensity of emissions are reduced. What he does not say is that this is business as usual, as in the 1980s, greenhouse gas intensity fell by 21 per cent and in the 1990s by 16 per cent. In other words, the target is totally meaningless, as US emissions will continue to grow and grow. In fact, it is estimated that emissions in 2012 will be 30 per cent over the 1990 level. The US had signed the Kyoto Protocol and agreed to cut emissions by 7 per cent over 1990 levels by 2012. In actual fact it will be 37 per cent above the Kyoto target.

But this is not the last of Bush's immorality and India's stupidity. Bush also says that he rejects Kyoto because it is not "global". He says India and China, big polluters in the future, must be included in the agreement, always forgetting that not only has the industrialised north created the global warming problem but that even till date emissions in the US are much higher than India and China. In fact, the climate negotiations have been built on the premise that countries like the US - overusing their share of the atmospheric space - need to reduce emissions to give environmental space for other countries to grow. But

then while
"sharing" has never been one of Bush's virtues, how does MEA justify its "welcome" of this ludicrous plan.
Straight talking Texan that he is, Bush also reaches out to India and China with a simple bribe: take my approach on greenhouse gas intensity as it recognises your right to development. In other words, let us both pollute. But let us not talk about the earth's capacity to handle these emissions.
The MEA statement has some perfunctory lines about how India's per capita emissions are very low as compared to developed countries and how per capita emission rights need to be the basis of policy. But that is not enough. We have ended up endorsing a renegade plan, where the leader of the "free" world has just declared that his nation will knowingly and wantonly take the road to hell and take us down with him.
We have to remember that we have no choice but to demand an effective climate convention. Emerging science tells us that climatic change will result in greater climatic variation and extreme events like floods, droughts and cyclones and sea level rise, leaving poor people living at the very margins of survival even more vulnerable. Given our poverty, it is in our interest to mitigate the impacts of climate change.
But desperate people are known to do foolish things. After the September 11 attack we need to do everything to prove our loyalty and friendship to the „big idea" to rid the world of terrorism. And as sycophancy is second nature to our politicians and bureaucrats it is not difficult to understand why we decided to issue this statement, even if it means jeopardising the entire climate negotiations. More shame on us (Sunita Narain, News Bulletin,Centre for Science and Environment, 16/03/2002).

3. ETR AND ENVIRONMENT IN THE EU

EU Energy Taxation Talks Back on the Road

The Prospects for EU rules on energy taxation took a major step forward in Brussels today when Spanish finance minister Rodrigo Rato presented fellow ministers with detailed proposals for a directive. The measure could be finalized by the end of this year.
Included are recommendations for minimum national excise duty rates on various fossil energy products plus electricity, to be introduced within four years (see table below). A long series of exemptions also proposed has already been criticized by the European Commission.
Spain's initiative follows an agreement by EU leaders in March that the directive should be adopted. Previously, Madrid had been the most vociferous opponent of the plan. Mr Rato said today that none of the minimum rates proposed would mean an increase in Spanish energy tax rates.
Environment Daily has obtained a copy of the unpublished proposals, which begin by outlining principles for an EU energy tax regime. Only energy used for heating or fuel, and not as a feedstock material, would be taxed. Taxes would be set at lower rates for businesses than for households. Also, there would be a special regime for diesel road fuel.
Member States would have the option of exempting electricity, gas and coal used by households and charities from all taxes. Several national industrial energy tax initiatives would be accommodated in a disposition allowing rebates for firms in energy-intensive sectors or that had voluntarily agreed to cut energy use. The net tax rate would still have to be higher than the minimum EU rate, except for firms in the cement, lime, glass and ceramics sector, where it could be lower.
All coal used for electricity generation, as a chemical reductant, in electrolysis and in the lime, cement, glass and ceramics production would be exempt from taxation. Member States where natural gas provides less than 15% of final energy consumption could exempt this from tax for up to ten years. Electricity from cogeneration and renewables could also be exempt from taxes.
Mr. Rato said ministers had "welcomed" the plan. A high-level working group has been set up to discuss it and report back by the end of June. But EU internal market commissioner Frits Bolkestein criticized the recommendations as a "Gruyere cheese with too many holes". "It's the ambition that we shall get a [holeless] Edam cheese," he said.

Proposed EU minima for excise duties on energy products

Used as fuels:	
Leaded petrol:	421 euros per 1000 litres
Lead-free petrol:	359 euros per 1000 litres
Diesel:	302 euros per 1000 litres
Diesel for road fuel:	287 euros per 1000 litres
Kerosene:	302 euros per 1000 litres
Liquid petroleum gas:	125 euros per 1000 kilograms
Natural gas:	2.6 euros per gigajoule
Used for heating:	
Diesel:	21 euros per 1000 litres
Heavy fuel oil:	15 euros per 1000 kilograms
Kerosene:	0 euros
Liquid petroleum gas:	0 euros per 1000 kilograms
Coal and natural gas:	
Professional purposes:	0.15 euro per gigajoule
Non-professional purposes:	0.30 euro per gigajoule
Electricity:	
Professional purposes:	0.50 euro per megawatt hour
Non-professional purposes:	1 euro per megawatthour

(Environment Daily 1211, 07/05/2002).

Impacts of EU energy tax plans revealed

All but two EU member states would have to raise one or more tax rates on energy products under Spanish presidency proposals for an energy taxation directive, figures compiled by Denmark's National environmental research institute (Neri) show.

Neri produced the table because Denmark will inherit the controversial dossier when it takes over the EU presidency on 1 July.

The figures draw on a comparison first published by the European environment agency between national tax rates and those proposed by the European Commission in 1997. Neri has updated the table to include more recent data on national taxes, which are compared against the Spanish presidency's compromise proposal made in May.

Only Sweden and Denmark would be unaffected by the proposal, the data show. At the other end of the scale, Greece would have to raise rates for ten types of energy products, while Ireland, Luxembourg and Portugal would have to raise seven apiece. Belgium would have to raise six and Spain five.

In all cases, however, the scale of required increases would be considerably smaller than under the Commission's original proposals (Environment Daily 1230, 06/06/2002).

See the table “Tax rates for energy products in the EU“ under
http://www.environmentdaily.com/docs/taxes1.xls.

EU climate trading scheme in the spotlight

The European parliament's rapporteur on the draft EU greenhouse gas emissions trading scheme has abandoned the idea of setting at EU rather than national level the total number of emission allowances available for participating companies to trade.

Instead, Portuguese Christian democrat Jorge Moreira da Silva has proposed that individual countries still allocate allowances themselves, but with a limit on distribution to prevent "over-allocation" distorting the market.

The rapporteur's change in tack emerged in a report on an EU trading directive proposal debated by the European Parliament's environment committee yesterday. In other respects, Mr. Moreira da Silva has tabled proposals largely in line with his preliminary thinking, outlined at a Conference two months ago.

In the first phase of the trading scheme from 2005 to 2008, 70% of available allowances would be free-of-charge and 30% auctioned. Thereafter all allowances would be auctioned, with revenues recycled to industry. The Commission has proposed 100% free allocation in the first instance but has yet to state an allocation preference post-2008.

As he previously hinted, the rapporteur has not proposed an immediate expansion of the scheme's scope to include other gases and industrial sectors, but says this should happen "at the earliest possible stage". The Commission should develop the methodology to be able to table a proposal to extend the scope by 2004. This would not enter force before the scheme goes live the following year.

Another proposed change would mean only entities subject to emission caps were able to trade emission allowances. This would prevent non-governmental organization buying them to remove more emissions from the system. Credits from the Kyoto protocol's clean development mechanism or joint implementation would not be eligible for trade if derived from schemes based on sinks, nuclear or large-scale fossil fuel sources.

Most committee members speaking in the debate called for more gases and sectors - especially the chemicals sector - to be covered, while German, British and Finnish members again questioned the need for a compulsory scheme during the three-year lead-in phase. Green MEP Alexander de Roo said more than 30% of allowances could be auctioned in the lead-in - contradicting fellow party member Heidi Hautala, who has proposed the same figure to the parliament's industry committee (Environment Daily 1202, 23/04/2002).

German Greens Confirm Higher Energy Taxes

Germany's Greens have pledged to continue raising energy taxes but also to address their impacts on key groups if electors vote them back into coalition government in September. The party's election manifesto was decided this weekend in Wiesbaden.

The manifesto confirms the party's desire to continue increasing energy tax rates after January 2003 when the current ecological tax reform is due to expire. The senior governing party, the social democrats, has been more cautious in the face of protests from the political opposition and business organizations.

What even the Greens now support, however, is changes to the program designed to maintain support from key groups. This would mean exempting all energy consumed by public transport from the tax. The party also pledged to take financial impacts on the unemployed, pensioners and students into account before deciding any further tax rises.

Regarding other aspects of environmental policy, the Greens' program calls for the abolition of jet fuel's tax free status and for an end to German coal subsidies. It envisions doubling the share of energy drawn from renewable sources by 2006 and cutting greenhouse gases by one-third from 1990 levels by 2010, whereas Germany's target under the Kyoto protocol is only to achieve a reduction of 21% (Environment Daily 1210, 06/05/02).

States Confirm Backing for Diesel Tax Breaks

EU governments today confirmed a decision preventing the European Commission from overruling the introduction by three countries of diesel tax subsidies to hauliers. The Commission could now challenge the Council of ministers in the European court of justice, a spokesperson told Environment Daily.

As we reported yesterday, the controversy is rooted in tax concessions offered to lorry drivers by France, Italy and the Netherlands following a wave of protests against high oil prices. The Commission was ready to use its powers under EU state aid rules to overrule the subsidies until member States rebelled.

Under the EU treaty's article 88, member States are allowed to block the Commission from ruling in a state aid case if they agree unanimously that "exceptional circumstances" justify the state aid being challenged.

In a statement today the Council of ministers said that such exceptional circumstances did exist, implying that these were related to "economic and social difficulties of the road transport sector". It is this judgement that the Commission will be challenging if it decides to see the Council in court (Environment Daily 1209, 03/05/2002).

Luxembourg Cleared to Back Low-Sulfur Fuel

The EU's smallest state has received official clearance to follow several of its larger neighbors and introduce a tax differential in favour of road diesel containing under 50 parts per million (ppm) sulfur.

Germany, the UK, Belgium and the Netherlands are already taking similar steps. All the measures are designed to speed the market introduction of low-sulfur fuels. The 50ppm benchmark will become the legal norm across the EU on 1 January 2005 under the 1998 fuel quality directive (Environment Daily 1219, 22/05/2002).

Ireland Party Proposes Additional Energy Tax

Ireland's Green Party has unveiled its pre-election platform, including the addition of a three- percent energy tax. According to party leader Trevor Sergeant, the energy and other tax changes are designed to improve Irish citizens' quality of life and encourage sustainable development. Under the plan, the revenue from the energy tax would be spent on public transportation and energy conservation (Tax News Update, Vol. 22 No. 5, 07/05/2002).

Report of Second Dutch Green Tax Commission

In May 2000 the Dutch government appointed a Second Green Tax Commission. This Commission, like its predecessor, consisted of representatives of various walks of life: tax experts, representatives of employers' and employees' federations, agricultural and environmental organizations, the world of science, research agencies, former parliamentarians and serving officials from various Ministries.

It examined more than 80 proposals to alleviate environmental pressure by fiscal means for a number of aspects, such as environmental effects, technical viability and support.

The Commission reported in July 2002 with a mainly positive recommendation for about one third of the proposals. About half of the proposed measures was rejected and for the remaining part the Commission was divided or it established a lack of information.

The summary of the report of the Commission has been translated into English. Printed copies can be ordered, free of charge, by tel. 00 31 703427542, fax 00 31 703427937 or through the Internet: http://www.minfin.nl > English > Service > Brochures. At that site, it is also possible to download the PDF-version (Second Dutch Green Tax Commission).

"Alarming rise" in Spanish greenhouse gases

Spanish greenhouse gas emissions rose by almost six percentage points above 1990 levels in 2000, to reach 29% above the Kyoto Protocol baseline, according to new figures. The rise almost certainly cements Spain's unenviable position as the EU country furthest from meeting its Kyoto Protocol Commitment to limit emissions.

Compiled by national Trade Union confederation CCOO and the magazine World Watch, the figures were released yesterday to coincide with the EU environment Council - chaired by Spain - at which ministers agreed collective ratification of the Kyoto Protocol.

The report's authors describe the rise in 2000 as "alarming" and criticize official institutions for hampering the release of emissions data. No official figures for 2000 emissions have been released; a spokesperson for the environment ministry said they would be available "shortly" (Environment Daily 1171, 05/03/2002).

Italian Government Considers Repeal of Carbon Tax

In order to spur economic growth, the Italian Government is thinking about a repeal of the carbon tax. The environment association criticized the government`s plan.

On February 14, Gianfranco Fini, Italy’s Vice prime minister, suggested the three-year old tax on petroleum-based fuels be repealed in the interest of spurring economic growth. The carbon tax was designed as a financial incentive to reduce consumption of fossil-based fuels. Italian Environmental groups object to the government’s plan to scrap the tax; a spokesman for the Regional Environmental Authority argued that the development of cleaner energy sources will be slowed if the government agrees to do what amounts to a subsidy for dirty fuel sources. The Bank of Italy does not yet have an estimate for how much a repeal of the tax would cost or what the macroeconomic impact might (Tax News Update, Vol. 21, No. 8, 07/03/2002).

Belgian Government Considers Carbon Tax

In order to adapt the Kyoto Protocol, the Belgian Government has presented a strategy plan against climate change.

Last week, the Belgian government adopted a climate change strategy plan that – while not specifically proposing a national carbon tax — does refer to one in several of its scenario outlines. The climate change strategy plan was devised to help the nation find a way to meet its carbon dioxide reduction Commitment of 7 percent below 1990 levels by 2012. The reduction targets are part of the agreement finalised March 4 when European Union member States agreed to ratify the Kyoto Protocol. An adviser to Belgian Deputy Minister for Energy and Development said that the agency is "currently conducting several studies on the possibility of imposing a carbon tax" and that studies should be ready by June or July of this year (Tax News Update, Vol. 21, No. 9, 13/03/2002). The climate change plan will be posted at http://www.deleuze.fgov.be/.

United Kingdom Taxes Carbon Dioxide Emissions From Company Cars

Effective April 6, British drivers using their cars for work purposes are taxed based on the carbon dioxide emissions the car releases rather than the number of miles driven each year.

The new system is meant to help the UK meet its commitments under the Kyoto Protocol to reduce greenhouse gas emissions. With 21 tax brackets for carbon dioxide emissions, a typical car that emits less than 169 grams of carbon dioxide per kilometer would qualify for the lowest rate of 15 percent, while those emitting the greatest amount would be taxed at 35 percent. Diesel-fueled cars are taxed an additional 3 percent. The change in the taxation formula for company cars was included three years ago in British Chancellor of the Exchequer Gordon Brown's finance bill and is estimated to cost about 1 pound a week for a typical company car (Tax News Update Vol. 22 No. 2, 10/04/2002). For more information, see the Society for Motor Manufacturers and Traders website, http://www.smmt.co.uk/index.asp; http://www.hm-treasury.gov.uk.

British companies call for green tax re-think

Britain's main business association the CBI has called on the government to re-think its approach to environmental taxation on the eve of the latest annual draft budget statement, due on Wednesday.

According to the group, green taxes "can make sense in theory". But it charges the government with poorly designing instruments and failing to address unintended consequences. Overall, it complains that UK business is paying a greater share of all environmental taxation than its competitors in other countries.

Fiscal instruments primarily aimed at environmental protection that have been introduced or raised in recent years include motor vehicle fuel taxation, a tax on waste landfilling and the climate change levy industrial energy tax that started operation on 1 April.

The CBI estimates that green taxes are now costing business UK£14bn (Euros 22.6bn) per year, equivalent to one pound in every eight of business taxation. It reckons that too much of the focus of green taxation has been on business, which as seen its contribution to all green taxes rise by 15% over the last five years.

Alleged instances of poor design include the climate change levy and a new tax on virgin aggregates, against which quarrying firms have fought a long campaign (Environment Daily 1196, 15/04/2002).

UK "going backwards" on green tax reform

Britain's 2002-3 budget unveiled last week shows finance minister Gordon Brown has "lost his nerve and sense of direction" on ecological tax reform, NGO Friends of the Earth (FoE) claimed yesterday.

In a letter to the Financial Times newspaper, Tim Jenkins of FoE said that a rise in employment taxes had "wiped out in one go all the previous small cuts paid for by the climate change levy, aggregates levy and...landfill tax". Meanwhile, freezing road fuel duty would reduce CO_2 savings by 0.1m tonnes of carbon per year to 2010 (Environment Daily 1202, 23/04/02). See letter:
http://globalarchive.ft.com/globalarchive/article.html?id=020422000838

4. REPORTS AND REACTIONS OF OUR READERS

Your Newsletter looks terrific — if only I knew more German! (one English reader of the German version – one more reason to publish an English one)

5. SERVICE: LINKS

„Business for Climate“: e-mission 55 with new website

The economic incentive for the Kyoto Protocol ratification, e-mission 55, has got a new presentation in the web. The layout has been refreshed and the contents have been updated. Firms, who agree with the Kyoto protocol are invited to join the incentive.
http://www.emission55.com

The effects of environmental fiscal reform in Germany: a simulation study

The paper presents the first comprehensive, model-based impact analysis of the German environmental fiscal reform, addressing the effects on CO_2 emissions, economic growth, employment, and personal income distribution (S. Bach, M. Kohlhaas, B. Meyer, B. Praetorius, H. Welsch, 2002).
http://www.foes-ev.de/downloads/EnergyPolicy02.pdf

6. SERVICE: EVENTS

08.10.2002, Copenhagen: European Experience, Development and Opportunities with Environmental Tax and Budget Reforms in DK and the EU

The Conference is taking place in Fællessalen at Christiansborg in Copenhagen

Preliminary PROGRAMME:

08.45 Registration

09.00 Welcome and presentation of the programme – Christian Ege / Henning Schroll – The Danish Ecological Council

09.10 Principles and perspectives in Environmental Tax Reforms – Chairman of the Danish Economic Council Jørgen Birk Mortensen (Accepted)

09.40 Presentation of a possible Danish Environmental tax reform – proposed by the Danish Ecological Council – Christian Ege – Director of the Danish Ecological Council (Accepted)

10.10 Presentation of the EEB European Campaign for an Environmental Fiscal Reform – Former EU Envi ronment Commissioner and former Finance Minister of Greece Yannis Paleocrassas or EEB Director John Hontelez (Invited)

10.40 **Coffee break** – With coffee and tea

11.00 "Environmental Fiscal Reform in OECD Countries -- How to overcome the Competitiveness Obstacle" – Nils-Axel Braathen, National Policies Division, OECD Environment Directorate (Accepted)

11.40 What is achieved about ETR / EBR in EU under the Danish Presidency and what more is to be expected. The fate of the Monti-proposal for an EU-Directive for minimum taxation on energy use, which should be adopted at the EU-Council meeting in Copenhagen dec. 2002, according to the decision in Barcelona March 2002 – A competent person from the Danish Ministry of Taxation. (Head of Department Hans Larsen is invited and will find the right speaker)

12.15 Lunch

13.15 "What's going on in Germany - Germany's Environmental Fiscal Reform - policies, impacts and prospects" – Kai Schlegelmilch – BMU, The German Ministry for Environment (Accepted)

13.50 “What’s going on in UK – CO_2 taxation on industry – Climate Change Levy and Aggregates Levy -

How it's done and the experiences" – e.g. Andrew Field – HM Treasury (Invited – and will find the best speaker)

14.25 What's going on in The Netherlands - Graduated energy-taxation, subsidies for buying best available technology and results. – e.g. Coen Peelen – VROM, – The Dutch Ministry of Environment, Directorate for Strategy and Policy Affairs (Accepted but still in doubt if he or another person is going to come)

15.00 **Coffee break** – with coffee, tea and cake

15.20 Status on the work with the report "Environmental friendly market economy" – Director of the Danish Environmental Protection Agency Steen Gade – or a high official from either the Ministry of Taxation or the Ministry of Finance. (Invited)

15.50 Closing panel discussion with members of the Danish Parliament from the Liberals (Kristian Jensen, MP for Venstre), the Conservatives (Helle Sjelle, MP for Det Konservative Folkeparti), Social Democratic Party (Svend Auken, MP for Socialdemokratiet) and the Socialist Party (Aage Frandsen, MP for Socialistisk Folkeparti (All invited)

Moderator: Christian Ege – The Danish Ecological Council (Accepted)

17.00 **Latest ending time**

1., 2. and 3. Session will be in English

4. Session will be in Danish

There will be no simultaneous translation

10.10.2002, Brüssel: Making prices work for the environment

Jährliche Tagung des European Environmental Bureau zum Thema Environmental Fiscal Reform.

DRAFT PROGRAMME

9.00 Registration

9.15 Opening by **Ralph Hallo**, President of the EEB

9.20 Key-note Speech by **Jacques Delors**, former President of the European Commission *(invited)*

[proposed] theme: "Making prices work for the environment": necessity and opportunities; the difficult road from ideas to practice, the need for political leadership, citizens mobilisation and acceptance by private interests"

10.00 Discussion with Mr. Delors, led by **Yannis Paleocrassas** (EEB, former Environment Commissioner and former Greek Minister of Finance, FÖS Advisary Board).

10.20 Coffee

10.50 PANEL ON: ENVIRONMENTAL FISCAL REFORMS IN THE EUROPEAN UNION: WILL WE SEE IT HAPPEN?

- Commissioner Margot Wallström
- Ministers of finance or environment of Denmark (Presidency), Greece (next Presidency), Belgium, Netherlands and Germany (countries with a pro-active approach) and Spain and UK (countries with concerns about the EU-draft directive).
- John Hontelez, Secretary General EEB

Short introductions on the following topics

– The role of environmental fiscal reform in the 6th Action Programme (Commissioner Wallström)
– The Presidency approach to succeed negotiation on the 1997 draft Energy Taxation directive (Minister Denmark)
– Objections to (elements of) environmental fiscal reform (Ministers Spain, UK)
– The need to make environmental fiscal reform part of the EU Strategy for Sustainable Development (Minister Papandreou, Greece)
– Opportunities and Limits for the bottom-up approach (Ministers Germany, Netherlands, Belgium)
– The EEB campaign (Hontelez)

Discussion between panellists and with the audience

13.00 Lunch

14.30 UNRAVEL THE COMPETITIVENESS ARGUMENT
Introduction by **Yannis Paleocrassas**, (Elliniki Etairia, former EU Environment Commissioner, former Finance Minister of Greece) *on the nature and validity of the competitiveness argument to hinder or limit environmental fiscal reform in the EU and on the national levels*.
Responses by :

- Two or three representatives of Industries and Industry federations, including UNICE and the European Business Council for a Sustainable Energy Future
- Eric Carlslund, deputy Secretary General European Trade Union Confederation

Discussion with the audience
16.30 coffee break
17.00 ENSURING SOCIAL FAIRNESS IN ENVIRONMENTAL FISCAL REFORM
Expert speaker to be found
- Presentation and questions

Conclusions: MOVING ON WITH THE CAMPAIGN
John Hontelez, Secretary General EEB

7. FÖS: INTERNAL

Klaus Töpfer praises the FÖS
Klaus Töpfer, Executive Director of the United Nations Environmental Program in Nairobi answered our inquiry to become member of FÖS advisory board as following: “FÖS has accomplished an important job. The size of the association isn’t decisive for the quality of its work. Often small groups are more effective than big ones.” Unfortunately Klaus Töpfer had to refuse our inquiry, although he was interested . Such an activity has to be approved by Kofi Annan and in the past it appeared that being member in an association outside the UNEP was criticised a lot.

English Memorandum from FÖS
The FÖS published a brochure about the ETR with the title „Stimulating Innovations, Competitiveness and Jobs – The New Way to an Ecological Tax Reform in Germany and Europe“ which you can now order. If you give us a symbolical contribution and the postage we could send you several copies of the brochure for the use in seminars or similar events.

You want to participate in our newsletter?
Unfortunately we have no capacities to translate German articles in English. For that reason we call for your help: Please send us English articles about the ETR and other interesting environmental topics in your country, activities of your organisation in this field and so on. Preferably as word files, not pdf-documents, so we can process your texts.
Another way to support us is to help us translate German texts. Are you a native speaker? Further information: foes@foes-ev.de

New address?
Please do not forget to let us know your new email direction, phone and fax number and mail address. Send an email to foes@foes-ev.de.

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Full membership: 200€ / year, Supporting membership: 60€/year (no voting rights)
http://www.foes-ev.de/kontakt.html