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European Newsletter on Environmental Fiscal Reform

Editors:

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

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Quotation of the month:

"We don't think ultimately society will get it right in terms of the full range and scope of activities needed to reduce greenhouse gas emissions, until there is an additional incentive in the form of a price on greenhouse gas emissions, either through a carbon tax or a cap and trade approach"

John Holdren, Harvard University, President of the American Association for the Advancement of Science (AAAS) in reaction to the IPCC–Report.

1. Editorial

Dear readers,

Two of the most welcome developments we have seen on the international stage in the past months have been the publication of the Stern Review and the IPCC Fourth Assessment Report, intensifying the climate policy debate as a result. The Stern review talked in a language economists and policy makers can understand, focussing on money, and better still, on how we can save it. And while some sceptics still linger, wistfully harping on about bad science while cheerfully flying in the face of sound evidence, the latest IPCC report has finally taken the wind out of their sails. Involving the work of 2,500 scientists worldwide and operating under the auspices of the

UNEP and the World Meteorological Organization, the IPCC is sufficiently authoritative to have established for the overwhelming majority that the climate debate is over. For further information on the two reports, see:

http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm
http://www.ipcc.ch/
http://www.ipcc.ch/SPM2feb07.pdf

While the Stern review failed to create an undue sense of urgency at the UN Climate Change Conference COP/MOP2 in Nairobi in November 2006, since the IPCC Report was published in early February 2007, pressure on UN Secretary General Ban Ki–Moon to call an emergency climate summit has been growing. Major polluting nations China, India, a number of other developing countries, have expressed support for such a measure and even the US Energy Secretary, while rejecting the notion of mandatory emissions caps, has acknowledged that some sort of global response to climate change is necessary. Watch this space for news of further developments….

The IPCC report and the Stern review certainly seem to have had a positive influence on EU policy. The Strategic Energy Package presented by the EU–Commission on 10th January 2007, with its strong focus on climate change, energy efficiency, and the need to create a low–carbon economy; the welcome this package was afforded by the 2782nd Transport, Telecommunications and Energy Council Meeting and the willingness expressed in this meeting to meet greenhouse gas reductions targets; and the conclusions of the 2785th Environment Council Meeting and the latter two reiterated by the European Council on 08–09 March 2007 have revealed that the time is right for organisations such as GBG to lobby strongly for an independent EU policy to achieve greenhouse gas emissions reductions of at least 20 percent by 2020. In fact, the EU should strive for 30 percent reduction independent of what other nations will do, but eventually this position did not make it through in Brussels.

Another interesting development has been the nomination of ex–Vice President, film–maker and climate change activist Al Gore for the Nobel Peace Prize, the first occasion upon which this honour has been done an environmental campaigner. In fact, in the last edition of the Oscars, he was honoured with two awards: for the best documentary and the best song.

But prior to all of this, Green Budget Germany experienced the beginnings of a new change in mood in the USA and neighbouring Canada, as President Anselm Görres discovered during his tour of the two countries to promote environmental fiscal reform, kindly supported by the German Federal Ministry for the Environment. Dr. Görres' observations, including a positive assessment of the positive climate across the Atlantic, can be found in his preliminary report:

http://www.foes.de/de/downloads/OESN41/PreliminaryReportUSACanadaV05.pdf

This Ecotax promotion tour also included Green Budget Germany's participation in the extremely prestigious *Annual Global Conference on Environmental Taxation* in Ottawa. The next conference in this series will take place in Germany for the very first time. It will be organised by Green Budget Germany from 18.–20. October 2007. It will be the first time an NGO has been honoured and entrusted with this organising role. For more information on the conference, see Section 2 below or check out the conference website:

http://www.worldecotax.org/

Green Budget Germany has also been actively participating in the debate in another key player in climate policy, producing a report on environmental fiscal reform in the EU for the German development NGO GTZ for use in German–Chinese talks on the environment.

Closer to home, we published the *Black Book of Subsidies* in November with partners BUND (*Friends of the Earth*), NABU, the

HKF and the FUE. The book reveals how the Federal Government could save 30 billion Euros annually by cutting environmentally harmful subsidies – a not inconsiderable sum! For the GBG press release and to download the *Black Book* (both in German), follow the links below:

http://www.foes.de/de/Pressemitteilung_20112006.html
http://www.foes.de/de/downloads/Politischepercent20Forderungen/Schwarzbuch_version_1.6_final.pdf

As well, we are currently organising, with project partners the Heinrich Böll Foundation and the Deutsche Bank Research, our next Annual General Meeting and international conference, due to take place on 11th and 12th May 2007. The conference will examine the future of environmental fiscal reform, comparing and contrasting emission trading and other market–based instruments in an attempt to identify the best way forward for future legislation. We hope to see many of our members, readers and supporters in Berlin. More information in section 2.

On 14th of March there will be a high–level conference from the European Environmental Bureau (EEB) about market based instruments for the Environment with the German Federal Minister for the Environment Sigmar Gabriel, EU–Commissioner Stavros Dimas and Dr. Anselm Görres from GBG. More information coming soon.

Finally, we hope you enjoy this edition of Green Budget News. We have plenty of articles on the developments described above, as well as a look at new environmental fiscal reform initiatives all over the world. Some examples like “Germany agrees diesel filter tax breaks”, or “Travellers 'Prepared to Pay Green Flight Tax'”, “Switzerland adopts CO_2 tax on heating fuels”, etc.

I hope you enjoy this edition of GBN.

Best wishes,

Jacqueline Cottrell

More reform needed to keep Germany on track

[Jacqueline Cottrell, Metamorphosis EEB Newsletter, February 2007] The grand coalition government in Germany has done more for environmental fiscal reform than many anticipated, but it still has a long way to go if the green budget shift launched so successfully in 1999 is to continue. During the run–up to the 2005 elections, it became clear that the Red–Green government’s Ecotax Reform, which shifted almost 20 billion Euros of tax revenue in favour of the environment, was not going to be abolished by any subsequent government due to its strong fiscal driver – almost 90 percent of revenues are used to reduce pensions contributions. However, it soon became clear as well that we should not expect too much.

This is not to say that Environment Minister Sigmar Gabriel has been inactive. He has introduced the obligatory mixing of bio–fuels with conventional transport fuels, which, together with VAT increases, has put up pump prices by 6 cents – the equivalent of two stages of ecotax increase. Although not the result of a green budget shift, such price signals nevertheless generate green results: reduced GHG emissions as a result of reduced fuel consumption. What is more, the obligatory mixing of bio–fuels with conventional fuels means that at least a proportion of transport fuel in Germany has become carbon neutral. Other smaller steps include the removal of tax on fuels used for electricity generation – putting natural gas on an equal footing with coal and uranium, both previously not taxed – and the gradual introduction of a tax on coal for heating purposes.

The coalition has also reduced environmentally harmful subsidies: the homeowner’s tax deduction has been removed, and tax relief for commuters has been halved. Yet these changes represent only the tip of an iceberg worth a staggering 34 billion Euros annually, as revealed by the *Black Book of Subsidies*, an initiative of EEB members Green Budget

Germany, NABU, and Friends of the Earth, as well as the *Forum Umwelt und Entwicklung* and the *Hamburger Klimaschutzfonds e.V.*. Political parties cannot afford to discount the political, economic and environmental advantages of subsidy reform, as it has the makings of popular environmental policy as well as offering substantial pay–offs: freeing up revenue, improving overall efficiency, and potentially winning over the environmentalist vote.

It is widely acknowledged that the Red–Green government's Ecological Tax Reform is one of the most ambitious examples of green tax shifting ever enacted. Nevertheless, Germany cannot afford to sit back on its laurels waiting for the rest of the world to catch up; it must continue to set an example. Even a few fairly insignificant measures could shift 20 billion Euros of tax revenue in favour of the environment, stimulating further innovation in renewables and energy efficiency, creating employment and reducing GHG emissions.

Small tax increases on heating oil, natural gas, and LPG used for heating could raise up to 1.5 billion Euros. In the transport sector, four annual increases of just 4 cents to diesel tax rates would bring them in line with tax rates on petrol – a fair reflection of their relative environmental impacts – and would raise 2.4 billion Euros in revenue. Offering tax relief only to fuel efficient company cars (3.5 litres/100km) would create an incentive for business to shift to fuel efficient vehicles worth 4 billion Euros. The motor vehicle tax system could also be overhauled, to include factors such as GHG and particulate emissions and fuel efficiency. HGV tolls should also be extended to cover all major roads, tolls should differentiate more between high– and low–emission vehicles, and toll rates should be increased.

There is also an urgent need to take action to curb the boom in GHG emissions from air traffic. The government should signalise an end to tax exemptions on kerosene for internal flights, as well as on VAT exemptions for international air tickets. A graduated flight tax based on plane emissions should also be imposed – rather than an Air Passenger Duty, which does not incentivise flight operators to fill planes to their full capacity. In this regard, we welcome Germany's declaration that it will use its EU Presidency, amongst other things, to push forward the inclusion of air traffic in the Emissions Trading System, but are critical of the government's failure to commit to auctioning a proportion of certificates at the launch of the second trading period in 2008.

Finally, Ecotax exemptions for energy–intensive industries should be gradually reduced to incentivise energy–efficient innovation, particularly as claims that the Ecotax would have a negative effect on competitiveness have been shown to be false: Germany remains the world's leading export economy and in 2005 alone, according to WTO figures, merchandise exports increased by a staggering 21 percent. However, rather than reducing Ecotax exemptions, Angela Merkel's government has implemented new ones, and has introduced new reduced rates of tax on energy use in sea ports and for oil and gas used for heating purposes. These changes have increased the total volume of exemptions from 5.2 to 5.4 billion Euros. Such adjustments constitute a retrograde step, a trend that *must* be nipped in the bud.

The advantages of the first Ecotax Reform are well known: decreasing CO_2 emissions – even in the transport sector –, innovation, increased energy efficiency, job creation, and a boom in the renewable energy sector, to name but a few. And pressure to make progress on environmental fiscal reform in Germany is mounting. One of the government's key advisors, Andreas Troge, President of the Federal Environment Agency, recently came out strongly in favour of a threefold increase to HGV tolls, the introduction of a speed limit on German motorways, and kerosene taxation. Faced by a changing climate and in a political climate ever more open to change, a government with sufficient political will simply needs to draft a well–designed, broad–based strategy consisting of a number of relatively small reforms and accompany it with an intelligent public information campaign. We only hope the grand coalition can find the courage.

2. GREEN BUDGET GERMANY NEWS AND EVENTS

The Eighth Annual Global Conference On Environmental Taxation Munich, 18 – 20 October 2007

Innovation, Technology and Employment – Impacts Of Environmental Fiscal Reforms and Other Market–Based Instruments

The **Global Environmental Taxation Conference (GETC)** provides an interdisciplinary forum for the exchange of ideas, information and research findings about the use of environmental taxes and other economic instruments across international boundaries. At the conference, leading scholars in the fields of law, economics, accounting, fiscal policy, political science and scientific disciplines come together to discuss ongoing developments relating to the potential of using economic instruments to combat the global environmental challenges of the 21st century. Selected papers from each conference are published by the Oxford University Press in an annual, peer–reviewed volume, *Critical Issues in Environmental Taxation*.

The 2007 conference will focus on the proven positive impacts of environmental fiscal reforms (EFR) and other market–based instruments. The primary focus will be on less well–publicised aspects of EFR, such as the stimulation of innovation, the development of new technologies, and job creation, rather than the political controversies and administrative details of the instrument debate. Understanding these positive effects – and communicating them – has a vital role to play in the implementation of EFR in the future to support a smooth transition to a sustainable economy.

The conference is being organised by Green Budget Germany, together with academic partners Professors Wolfgang Wiegard and Wolfgang Buchholz from the Faculty of Business, Economics and Information Systems, University of Regensburg. The conference will take place under the patronage of Munich's Lord Mayor Christian Ude, who is hosting a cocktail reception in Munich's medieval City Hall. Other sponsors and partners include the Federal Ministry for Environment, Conservation and Nuclear Safety, the Federal Environment Agency, the GTZ and the Federal Ministry for Economic Cooperation and Development, the City of Munich, the Stadtwerke München, the EEA, the EEB, the *Deutsche Bahn* (German Rail), HIPP, ZMM Zeitmanager München, Rotary International Nyphmenburg, the OECD, and the Ethikbank.

If you or your organisation are interested in becoming a conference sponsor or partner, please contact Green Budget Germany at: foes@foes.de

Or to make an online donation go to: http://www.foes.de/de/spenden.html

For the conference call for papers please see: http://www.worldecotax.org/call_for_papers.html

The conference website provides detailed information on all aspects of the conference: http://www.worldecotax.org/home.html

Green Budget Germany Annual General Meeting and Conference: How Much Does a Stable Climate Cost: The Future of Emissions Trading Berlin, Deutsche Bank and the Heinrich Böll Foundation

This year's annual general meeting will once again be combined with an international conference, focussing on the future of environmental fiscal reform and the best way to progress towards global GHG emissions reductions. The AGM will take place at 18.30 on Friday 11. May in the Heinrich Böll Foundation. The conference will take place on 11–12 May, the conference language is German. For more information or to register for the conference, please contact Green Budget Germany: Email: foes@foes.de

New OECD Publication: "The Political Economy of Environmentally Related Taxes"

Based on experience in OECD countries, this book provides a comprehensive discussion of environmentally related taxes, examines evidence of their effectiveness, and the potential for wider uses of such instruments. It also details recent research on the environmental and economic impacts of applying environmentally related taxes. In particular, it looks at how to overcome obstacles to their implementation. It also discusses the environmental and economic effects of combining such taxes with other instruments for environmental policy.

Green Budget Germany (GBG) has this publication in stock for the price 12 Euros. If you are interested please contact us: foes@foes.de

Conference of Environmentally Harmful Subsidies 23rd of February 2007. Lisbon, Portugal.

On the 23rd of February a Conference of Environmentally Harmful Subsidies(EHS) took place in Lisbon. This Conference was sponsored by the "Fundação Luso–Americana (FLAD)". It brought together several NGOs from Germany, Hungary, Poland, and Spain to present there what they do in their countries to fight against the EHS. Christian Meyer, in representation of Green Budget Germany, participated in the Conference explaining the Ecological Fiscal Reform in Germany. In fact, this topic has been discussed since the late 80ies and introduced in 1999: "Ecotaxes" should limit consumption of energy by raising electricity and fuels taxes.

http://www.subsidiosperversos.org/sp/index.php

Link to the speech:

http://www.foes.de/de/downloads/Lisbon2007/GermanyEHSProject.pdf

Link to the presentation:

http://www.foes.de/de/downloads/Lisbon2007/SubsidyReformGermanyGBG.pdf

3. STERN AND IPCC REPORT

This section examines some reactions in the media around the world following the publication of the Stern Review and the IPCC report. From the Cayman islands to Australia, the impact of these publications have been deeply felt.

Climate Change Inevitable – Stern Report

[Green Hornet, Caymannetnews.com, 16th January, 2007] A few weeks ago, the UK government released the Stern Review on the Economics of Climate Change – a report on the effect of global warming and climate change on the world economy compiled by British economist Sir Nicholas Stern. The Stern review is one of the first major government–sponsored reports on global warming/climate change conducted by an economist rather than an atmospheric scientist.

Consequently it looks at the potential economic damage to the world rather than just the ecological damage caused by climate change. Its main conclusions are that "one percent of global GDP is required to be invested in order to mitigate the effects of climate change, and that failure to do so could risk a recession worth up to twenty percent of global GDP". In other words, a massive, worldwide economic depression.

Stern indicates that climate change threatens to bring about the greatest and widest–ranging market failure ever seen, and he suggests prescriptive measures, including environmental taxes, to minimise the resultant disruptions.

He states that "our actions over the coming few decades could create risks of major disruption to economic and social activity later this century and in the next on a scale similar to those associated with the great wars and the economic depression of the first half of the twentieth century".

The BBC reports that Stern, a distinguished development economist and former chief economist at the World Bank, "is not a man given to hyperbole . . . and his report gives prescriptions for how to minimise this economic and social disruption".

His central argument is that spending large sums of money now on measures to reduce carbon emissions will bring dividends on a colossal scale. It would be wholly irrational, therefore, not to spend this money. He warns, however, that we are too late to prevent all the harmful consequences of climate change. The prospects are worst for Africa and developing countries, he says, so the richer nations must provide them with financial and technological help to prepare and adapt.

Tough decisions

Stern believes it is practical to aim for a stabilisation of greenhouse gas levels in the atmosphere of 500 to 550 parts per million of carbon dioxide equivalent by 2050 – which is double pre–industrial levels. But even this will probably mean significant climate change, and to achieve this emissions per unit of gross domestic product (GDP) would need to be cut by an average of three–quarters by 2050. It's going to require making tough decisions at all levels of government, as well as in industry and as regards private consumption.

As well as decarbonising the power sector by 60 percent to 70 percent (which means virtually ending fossil fuel–fired electrical generation), there will have to be an end to deforestation – emissions from deforestation are estimated at more than 18 percent of global emissions, more than from transportation – and there will have to be deep cuts in emissions from transportation (cars, trucks, trains, buses, etc.).

The BBC reports that the cost of these changes should be around 1 percent of global GDP by 2050 – in other words, the world would be 1 percent poorer than we would otherwise have been, which would be significant but far from prohibitive.

To be clear, this does not mean that we would be 1 percent poorer than we are today, but that global growth will be slower. The way to look at this 1 percent is as an investment, because the costs of not taking this action are mind–bogglingly large.

Rising estimates

Sir Nicholas Stern's starting point is economic modelling carried out in other studies showing that a scenario of 2 to 3 degrees of warming would lead to a permanent loss of up to 3 percent in global world output, compared to what would have happened without climate change.

But he says those estimates are too low. He believes 5 to 6 degrees of warming is a "real possibility" for the next century. Having fed the probabilities of the various different degrees of global warming into his economic model, he estimates that 'business as usual' would lead to a permanent reduction in global per–capita consumption of at least 5 percent.

"But," Stern continues, "that estimate does not include the financial cost of the direct impact on human health and the environment from global warming, or the disproportionate costs on poor regions of the world. "It also ignores so–called 'feedback mechanisms', which may mean that as the stock of greenhouse gases increases there is a disproportionate rise in warming with each new increment in emissions."

Unfair burden

Putting all these factors together, Stern comes up with the stark conclusion that if we do nothing to stem climate change, there could be a permanent reduction of 20 percent in per capita consumption.

In other words, everyone in the world would be one–fifth poorer than they would otherwise have been. Worse, these costs will not be shared evenly: there will be a disproportionate burden on the poorest countries.

There is another way of presenting this analysis of benefits versus costs. Stern says that if you take the present value (the value in today's money) of the benefits of taking action to stabilise greenhouse gases by 2050, then deduct the costs, you end up with a "profit" of US$2.5 trillion. Any way you look at it, the financial case for tackling climate change looks watertight. That said, there are great impediments to harvesting this dividend.

One is the very obvious problem that it requires collective, coordinated action by most of the world's governments – and securing the necessary consensus on the way forward will definitely not be simple. In the interests of fairness, Stern argues that the richer countries should take responsibility for between 60 percent and 80 percent of reductions in emissions from 1990 levels by 2050.

But assuming that consensus is reached, what is the best way to correct the grotesque market failure that is currently taking us on a path to poverty? How do we start to pay a price for carbon that reflects its true economic and social costs, or a price that includes the present value of future climate change? Stern says that there are two main ways of achieving this. One is through taxation, the other is through rationing the amount of carbon emissions that any business – or any individual – can generate, and then creating a proper global market for carbon trading.

"Another imperative for governments is to encourage research and development on low–carbon technologies. "Governments must also encourage 'behavioural change', through regulation – such as imposing tighter standards on the energy efficiency of buildings – as well as educating the public about the true costs of wasting energy."

We should prepare for a series of shocks from the effects of climate change that are already unavoidable. There will probably be both more droughts and more floods. An increased incidence of devastating storms is expected. And there is a rising risk of famine in the poorest countries. So we must start to get better at monitoring of climatic conditions – and adapt ourselves for the new world.

That means reinforcing buildings and infrastructure to make them sturdier in the face of extreme weather conditions, investing in new dykes, and supporting financial markets so that it is possible to purchase insurance against climate–related disaster.

It will all be very expensive, disproportionately so for developing countries. Stern argues, and it's hard to disagree, that there is a strong moral obligation on the richer countries to help the poorest ones protect themselves against the very worst that may transpire. It will be interesting to see if we can make it happen.

City–sized ice island breaks off

One of the most recent effects of climate change has just been reported in the Canadian media. Canada's National Post newspaper reports that an ancient ice shelf has cracked off of northern Ellesmere Island in the Arctic Ocean, creating an enormous, 66–square–kilometre ice island and leaving a trail of icy blocks in its wake. The break–up was so powerful that seismometers (earthquake monitors) 250 km away picked up the tremors as the shelf – which is 3,000 to 4,500 years old – tore away from its fjord on Ellesmere.

Scientists say the ice–shelf collapse is the biggest in Canada in 30 years and is indicative of the transformation under way on Ellesmere, Canada's most northern landmass. It took less than an hour for the ice shelf to calve off in the early afternoon of 13th August 2005. Within an hour, the giant ice island was a kilometre offshore. The ice island is about 37 metres thick and measures roughly 15 km by 5 km. That's the size of a small city, or larger than 11,000 football fields.

Such massive ecological changes in Canada have led to a similar massive change in the Canadian political system. There, after the election of a former environment minister, Stéphane Dion, to lead the Liberal Party, the ruling minority Conservative government has partnered with the left–wing New Democrats to come up with an integrated environmental programme for the country.

Climate Panel Recommends Global Temperature Ceiling, Carbon Tax

[Peter Heinlein, Voice of America, 28th February 2007] A panel of scientists has presented the United Nations a detailed plan for combating climate change. VOA's correspondent at the U.N. Peter Heinlein reports the strategy involves reaching a global agreement on a temperature ceiling.

A group of 18 scientists from 11 countries is calling on the international community to act quickly to prevent catastrophic climate change.

In a report requested by the United Nations and partially paid for by the privately funded U.N. Foundation, the panel warns that any delay could lead to a dangerous rise in sea levels, increasingly turbulent weather, droughts and disease.

The report was issued three weeks after the Intergovernmental Panel on Climate Change concluded that global warming is real and caused in large part by human activity. But unlike the IPCC report, this latest document makes policy recommendations.

Panel member John Holdren of Harvard University says the world must be mobilized immediately to avoid catastrophe. "Climate change is real, it's already happening, it's already causing harm, it's accelerating and we need to do something about it, and we need to do something about it seriously, starting now. Our specific conclusions are that if the world were to go past the point of an increase above pre–industrial temperatures greater than 2 to 2.5 degrees Celsius, we would be in a regime where the danger of intolerable and unmanageable impacts on well–being would rise very rapidly," he said.

The panel's recommendations include a series of steps to cut the rate at which temperatures are rising. Chief among them are a global agreement on an acceptable ceiling for temperature rise and finding ways of adapting to cope with the damage already done.

Holdren, however, says even these measure will achieve very little unless they are accompanied by a global tax on greenhouse gas emissions. "We don't think ultimately society will get it right in terms of the full range and scope of activities needed to reduce greenhouse gas emissions, until there is an additional incentive in the form of a price on greenhouse gas emissions, either through a carbon tax or a cap and trade approach," he said.

The United States is the biggest emitter of greenhouse gasses, but is not a party to the cap and trade system contained in the Kyoto Protocol on climate change.

Nevertheless, the Bush administration has set a target of cutting U.S. greenhouse gas emissions by 18 percent by 2012, and is spending $3 billion a year on climate change research.

Peter Raven, the head of the Sigma Xi Scientific society and co–author of the latest report, says success in limiting the effects of global warming will require private sector leadership, and a combined effort by the U.S. and the international community. "The private sector is doing a very good job, and kind of leadership we're calling for from the United Nations and international organizations and the kind of leadership the United States is moving towards will both be key ingredients in that," he said.

A U.N. spokesman says Secretary–General Ban Ki–moon is considering calling a summit meeting on climate change later this year. Environmental activists are calling on Mr. Ban to play a leading role in the process of negotiating a successor to the Kyoto agreement, which expires in 2012.

Scorched Earth an Insecure Place

[Alan Dupont, The Australian, 5th February 2007] The measured prose and bland title of the latest UN report on climate change belie the gravity and significance of its key message: that the earth will soon be a much hotter, drier and stormier place, and there is little doubt our way of life is the cause. This is not a naturally occurring cycle, as a dwindling band of sceptics maintains.

Of particular note is the growing belief among the world's top climate scientists that it will be virtually impossible to keep the rate of temperature increase below 2 °C, which is widely accepted as the threshold above which managing the risks becomes progressively more difficult and the consequences more dangerous. It is necessary to bear in mind the unprecedented rate at which the planet is heating up.

We have no experience of dealing with such rapid warming. Natural climate shifts of this magnitude typically occur over tens of millennia, not a few centuries. It is critical for governments, business and the public to understand this important difference. There is very little time to make the substantial adjustments necessary to bring down the rate of warming this century so that we can achieve climate equilibrium in the next.

Now that science has given us a better, though still imperfect, appreciation of the challenge ahead, it is time to focus on the consequences we can reasonably predict. The Stern review, published last October, shed much needed light on the economic dimension of climate change, including the cost of fixing the problem and how we might best manage the transition to a low–carbon global economy.

But there has been precious little thought about the foreign policy and security implications of climate change, which are equally profound and inseparable from the economic and environmental aspects.

Energy policy is illustrative. The domestic debate about the ramifications of global warming for Australia's future energy requirements has been far too siloed and parochial. Future policy on nuclear power and the export and processing of uranium should not be determined by environmental and economic considerations alone. We also need to think about our relations with other countries, our commitments to the Nuclear Non–Proliferation Treaty and the risk of proliferation.

The latter has been much exaggerated by opponents of nuclear power, but the point is we need to have a much wider debate about energy and climate change policy that includes, rather than ignores, foreign policy and national security.

There are other, more pressing reasons for taking a holistic approach. Climate change is fast emerging as the security issue of the 21st century, overshadowing terrorism and even the spread of weapons of mass destruction as the threat most likely to cause mega–death and contribute to state failure, forced population movements, food and water scarcity and the spread of infectious diseases.

The Intergovernmental Panel on Climate Change confirms and adds greater certainty to what climate scientists have long predicted: that extreme weather events are set to increase in frequency and intensity. Rising seas, caused by thermal expansion and melting ice, will inundate many low–lying coastal areas, threatening cities and productive agricultural land.

Some small Pacific islands will become uninhabitable but no country will be unaffected, as Hurricane Katrina demonstrated when it devastated New Orleans 18 months ago. Images of the US 82nd Airborne Division patrolling the deserted streets of the city seemed like surreal scenes from a B–grade Hollywood movie at the time, but they are a portent of the future.

Indeed, things could be a great deal worse if some of the more extreme climate forecasts come to pass, such as a further acceleration of glacial and icecap melt and temperature rises above 3 °C. Although the balance of probabilities suggests that the more manageable mid–range predictions of the IPCC will be borne out, the worst–case scenarios cannot be dismissed, given the lack of serious global action to date and the IPCC's reputation for conservative judgments.

Already, events on the ground are calling into question some of these judgments. While the IPCC forecasts that the north polar icecap is likely to melt by the end of this century, many leading scientists believe this will occur much earlier, perhaps as early as 2040 and certainly by 2060. As greenhouse gases trapped beneath the frozen tundra are released and deforestation and land clearing continue unabated, the resultant carbon imbalance will exacerbate the warming trend, perhaps more than the IPCC allows.

Over time, the climate change issue will inexorably move to the centre of the foreign policy and national security concerns of all states. Only last month the European Union's commissioner for external affairs Benita Ferrero–Waldner revealed that her talks with Chinese leaders had focused on climate change and that efforts to contain greenhouse gases have already become a centrepiece of the EU's external policy.

Unless carefully handled, tensions between the developed and developing worlds over responsibility for a deteriorating climate, already in evidence, may escalate. Climate change will also raise anxieties about food and energy, and increase the likelihood of destabilising competition for scarce resources that could be a particular problem for our region because of Asia's high levels of energy dependence and growing demand for food and water. Supply of key agricultural products such as wheat, rice and corn is set to drop by one–third in China because of forecast temperature rises.

Although these sobering statistics should be a wake–up call for action, complacency should not be replaced by alarmism or defeatism. If climate change is human–induced, then the solutions can and must be found within our collective resources and wisdom. As a first step, the Government needs to take a more comprehensive approach by developing a national strategy on climate change that considers all the consequences of a rapidly warming planet. For this is an issue that transcends the environment and goes to the heart of national and international security.

http://www.spiegel.de/wirtschaft/0,1518,469982,00.html

Deutsche Bank demands asset stripping for the energy companies

[Anselm Waldermann, Spiegel, 5th March 2007] That did not give it yet: The bulwark of capitalism questions existing vested titles. Deutsche Bank demands assets stripping to the energy companies, over on the energy market finally more competition in addition–get. Also in the climatic politics financial institute fastens new tones.

Hamburg– “ideal would be a complete separation of the generation of energy from the nets” – this demand Deutsche Bank in a energy study, which was presented today in Berlin. “Today the monopolies make possible for the energy companies to keep the competitors high or small and the prices”. For more competition there is therefore only an effective means: the complete divestiture of the large–scale enterprises.

The idea is not completely new. Also the European Union Commission is for a asset stripping of the companies, just like smaller offerers, who expect better market chances. That the most powerful bank of Germany follows this demand, is a surprise. Energy companies would be concerned such as E.on, RWE, Vattenfall Europe and EnBW, in addition, Electricité de France and the Italian Enel.

"With Marxism that does not have anything to do", says the author of the study, Josef Auer of Deutsche Bank Research, to SPIEGEL ON–LINE. "We simply want more competition – in the purely free market sense."

The fact that the decartelization of the energy companies would come equal to an expropriation that does not disturb Deutsche Bank meanwhile. In the study it means: "The accumulation of capital for many decades – also for the development of the nets – came off, because in Germany no competition took place on the energy and gas markets, so called monopoly yields could be gained." So that appears in another way. In other words: The enterprises, at least partly, established their electricity nets with illegitimately acquired money. It is legitimate to take it from them away again.

Energy in Europe: River and gas are so expensive

However even Auer grants that a asset stripping of the companies is politically hardly enforceable. "Realistic is probably only a soft variant." Finally it is to be already foreseen that the radical suggestion of the European Union commission will fail because of the resistance of Germany and France – both countries with particularly old "monopoly and oligopoly structures".

Nevertheless: An accounting separation from generation of energy and net considers Auer feasible. On the paper the current lines remained then in the possession of the enterprises, actual they would have to be operated by someone else. There are similar considerations meanwhile also in the European Union commission.

Criticism at airlines

In a revolutionary manner Deutsche Bank talks also about the climatic protection. "The present kind of human life and managing endangered seriously the world climate", is called it in the study. "It is to act immediately." Because the USA and China probably won't accede, Europe must precede evenly alone, demands financial company. "Waiting for North America and Asia would mean that a courageous energy turn in the coming decades would not take place." In February the European Union secretaries of the environment had explained that the greenhouse gas output in the European union must be reduced until 2020 around at least 20 percent under the level of 1990.

The energy climatic protection plans of the Federal Government welcomes Deutsche Bank expressly. According to press reports Chancellor Angela Merkel on European Union level "aims at a CO_2–Reduktion until 2050 around 60 to 80 per cent. ", Auer said to SPIEGEL ON–LINE that these words sound good. However he said that he also wishes an obligatory goal for the year 2020. "Then the action pressure is larger. With all too long–term defaults nothing at all would happen".

Even the large airlines are wondering about the Deutsche Bank. Nevertheless, enterprises like Lufthansa stands with this financial company in active contact – which does not hold the Banker, however, to raise radical demands about climatic protection. This suggests from Deutsche Bank includes the air traffic into the emission trade scheme. The airlines are strict against it. Finally they do not want to be seen as scapegoat in particularly because they are attacked in the controversy over long–haul journeys. So far only large industrial companies must go through in the trade with contamination rights.

Appeal for Ecological Energy

The study points out that the regenerative energies such as sun, wind and biomass are particularly importantly. So it is to be expected that "the new energies – not only in the distant future – can make valuable contributions for the security of the power supply, for the reduction of great dependence as well as for the improvement of the world climate". At present the portion of the renewable energies lies in the European union with approximately seven percent. Until 2010 the European Union set itself a goal of twelve percent.

Deutsche Bank however does not want to give oneself with such defaults contently. In greener manners the bank demands more ambitious plans: "A portion of 20 percent by the year 2020 would bring us clearly in front" says Auer. In individual countries, such as Germany, is even possible "more than 20 percent".

Link to the Deutsche Bank document:

http://www.deutsche–bank–research.com/PROD/DBR_INTERNET_DE–PROD/PROD0000000000207530.pdf

4. ECOLOGICAL TAX REFORM

Fuel tax could cut emissions U.S. should follow lead of German and Japanese policies

[Craig Morris, San Francisco Chronicle, 17th December 2006] Gov. Schwarzenegger could take a lesson from Germany if he's really serious about attaining his tough, new air–quality goals.
In September, the governor signed into law the Global Warming Solutions Act, AB32, which stipulates that by 2020 the state will cut its emissions of greenhouse gases to 1990 levels, a 25 percent decrease from today's levels. Sounds good, but targets can be missed. The mechanisms to meet the targets are therefore crucial.

Germany found that one way to do that was to impose an "Ecotax". To improve fuel economy, Germany simply raised the price of transport fuels with this surcharge. Countries like France, the Netherlands and Germany already charged around US$6 per gallon, but Germany raised the price by an additional 10 cents a year from 1999 to 2003. Germans now pay nearly US$6.50 per gallon. The increase was not steep (less than 2 percent per year), but it sent a signal to the market that gas would not be getting any cheaper.

No one told carmakers what to build or German consumers what to buy, but the announcement of small, gradual price increases allowed people to plan in a way that sudden shocks – like the 50 percent increase in U.S. gas prices after hurricanes Katrina and Rita – do not. Germans had time to react to higher prices by deciding to switch to a more fuel–efficient car, driving less, carpooling, ta–ing public transit, cycling or walking. And those who wanted the thrill of driving a sport utility vehicle on the autobahn could still do so if they had the cash.

By 2004, fuel consumption had dropped by around 7 percent from 1999 levels; 6 percent more Germans were riding public transport; and cars with nearly 80 miles per gallon fuel efficiency hit the market. Yes, 80 mpg. That's not a typo; it's a Volkswagen Lupo. And unlike the two–seater Smart, with 69 mpg, the Lupo (like Audi's classy A2 with 78 mpg) is a four–seater.

Now compare the success of Germany's Ecotax to American fuel–efficiency standards. The American standards, designed to raise the average mileage of new cars, basically tell automakers how to build cars. But the standards didn't increase average miles per gallon dramatically in the late 1970s and early 1980s, skyrocketing gas prices after two oil crises did. Once gas prices fell and remained low, the standards had little effect. In fact, the average fuel economy of all vehicles on the road has not moved much since 1987. The 1927 Ford Model A would meet today's fuel–efficiency standards.

Is anyone here watching Europe's success? Yes, Al Gore has been calling for a carbon tax for months. He wants to use the revenue to offset payroll taxes – exactly what Germany has been doing since 1999. But when MSNBC reported on Gore's idea, it called it a "novel approach" – no mention of Germany's success.

Of course, many Americans are calling for higher fuel–efficiency standards – but that's the bad news. These standards are by their very design doomed to failure because efficiency can ironically undercut itself by making consumption cheaper. Think about it: if you could suddenly drive 100 miles longer on one tank of gas, would you drive less or more? When efficiency lowers consumption, demand for energy drops, lowering prices, which in turn undercuts investments in efficiency – a catch–22 without price mechanisms. Too bad Americans don't understand that higher prices are the solution.

Targets don't work if they are unrealistic. In 1990, California told automakers and consumers that it wanted 10 percent of the vehicles sold in the state by 2003 to be zero–emission, but the cars didn't sell in great enough numbers, and the project failed. Battery–powered cars leave much to be desired, and fuel–cell cars are still not ready for the market.

The Japanese have a more clever system of targets based on what industry demonstrates to be possible: the average efficiency is determined for a type of car, say four–door sedans, and the least–efficient products must be improved every year. That won't bring sudden, dramatic improvement, but over a few years, it would make a significant difference. Oh, did I mention that gas prices in Japan are nearly twice as high as in the United States?

Unfortunately, we don't look at Japan and Europe enough. Otherwise, we would have seen Japanese hybrids coming while we were still focused on zero–emission cars.

The press release for California's Global Warming Solutions Act calls it a "first–in–the–world comprehensive program." It also later states that the mechanisms to reach the target must be specified by 1st January 2009. So California has set a target without mechanisms. I say: Forget about targets, stop acting like we are the world leaders, and start copying the mechanisms of those who are. America, it's time to play catch–up, not catch–22.

Special taxes could help save the planet from global warming

[Bradford DeLong, Taipei Times, 3rd January 2007] What do we owe to our great–great–great– grandchildren? What actions are we obligated to take now in order to diminish the risks to our descendants and our planet from the increasing likelihood of global warming and climate change? Almost everyone – except the likes of ExxonMobil, US Vice President Dick Cheney and their paid servants and deluded acolytes – understands that when humans burn hydrocarbons, carbon dioxide goes into the atmosphere, where it acts like a giant blanket, absorbing infrared radiation coming up from below and warming the earth.

Likewise, almost everyone understands that while global warming might be a much smaller or larger problem than existing models suggest, this uncertainty is no excuse for inaction. In fact, uncertainty about global climate change should lead us to do more to guard against it than if we knew it would proceed exactly according to the central–case projections.

Finally, almost everyone agrees that governments, non–profit institutions, and energy companies should be spending far more to develop technologies that generate non–carbon–emitting power, that remove it from the atmosphere to forests or oceans, and that cool the earth by reflecting more of the sunlight that lands on it.

Clearly, the world's rich countries should carry the burden of dealing with climate change over the next generations. After all, they could take an easy, emissions–intensive path to industrialization and wealth. Today, China, India and other developing countries cannot, and it would be unfair to penalize them for that. So now is the time to build, not disrupt or impede, the international institutions that will manage our response to global climate change in the years ahead. But should we be doing anything else now and in the next decade?

Economists like to think of things in terms of prices. And when economists see behaviour that has destructive side effects, we like to tax it. Taxation makes individuals feel in their wallets the destruction they are causing. Imposing a tax on those who, say, drive low–mileage SUVs is a way of harnessing humanity's collective intelligence to decide when bad side effects are a reason to alter behaviour.

But it has to be the right tax. An SUV going 10 miles (16 km.) in the city and burning a gallon of gasoline pumps about 3kg of carbon into the atmosphere. Should the extra "global warming" tax be US$0.05 per 4.5 litres, US$0.50 per 4.5 litres, or US$1.50 per 4.5 litres? Our views will change as we learn more, but at the moment the size of the tax hinges on a question of moral philosophy: how much do we believe we owe our distant descendents?

The Australian economist John Quiggin has an illuminating discussion on his Web site (www.johnquiggin.com) that comes down on the side of a US$0.50 per 4.5 litres tax, because he projects that spending today to reduce carbon emissions is a good investment for the future.

Assuming that annual per capita income grows at about 2 percent per year worldwide, a marginal expenditure of roughly US$70 today to cut carbon emissions would be worth it if, accounting for damage from global warming and adjustment costs, the world of 2100 would be US$500 richer in year–2006 purchasing power.

On the other hand, critics point out that the world today is poor: average annual GDP per capita at purchasing power parity is roughly US$7,000. We expect improved technology and its spread to make the world of 2100, at a 2 percent annual growth rate, much richer: US$50,000 per capita of year–2006 purchasing power.

So the critics argue that we need the marginal US$70 per capita today much more than the richer people of 2100 will need the US$500 that they would gain from being spared the effects of global climate change.

But what the critics often don't say is that the same logic applies to the world today. Average annual per capita incomes in the US, Japan and Western Europe are currently around US$40,000, and less than US$6,000 for the poorer half of the world's population. The same logic that says we need our US$70 more than the people of 2100 need an extra US$500 dictates that we should tax the world's rich more, as long as each extra US$500 in first–world taxes generates as little as an extra US$70 in poor countries per capita incomes.

In short, if the world's rich are stingy today toward our much richer descendants, and if we want to leave our environmental mess to them to deal with, we should be lavish toward the world's poor. Likewise, if we are stingy today toward the world's poor, we should be lavish toward our descendents.

At least, that is what we should do, if our actions are based on some moral principle, rather than that of former Soviet Communist Party general secretary Leonid Brezhnev: What we have, we hold.

J. Bradford DeLong is a professor of economics at the University of California at Berkeley and was assistant US Treasury secretary during the Clinton administration.

The rich countries produce the global warming but poorest suffer most from it

[Carlos Vedovatti, Green Budget Germany, 15th January 2007] According to Philip Thornton in the Independent, “by the end of tomorrow the average Briton will have caused as much global warning as the typical Kenyan will over the whole of this year, according to a report” There is a really big difference between how much pollution rich and develop-

ing countries produce. If we take a look to The World Development Movement's (WDM) "climate calendar" (http://www.wdm.org.uk/campaigns/climate/calendar/index.htm), it is possible to see how the poor countries such as Afghanistan, Chad, etc. have next to no carbon emissions. It shows that even the overpopulated country of India produces less CO_2 than the UK. Around 164 countries produce less CO_2 than the UK. It is a fact that rich countries contribute more to climate change than the poor countries. But the poor countries are the ones who suffer most from the consequences of global climate change (drought, floods, etc.).

According to WDM, the annual CO_2 emissions per inhabitant in Afghanistan are 0.02 tonnes of CO_2 on average, while the average Briton produces 9.62 tonnes. Most CO_2 is produced by the rich countries, with some – a very few – exceptions (e.g. the United Arab Emirates).

A relevant fact that the WDM reports points out is that in poor countries (Kenyans, Rwandans, etc.), 7,800 persons have died from diseases related to climate change. The rise of temperatures may lead to increasing numbers of people in Africa being exposed to malaria. This is corroborated in the Stern report, that reveals just how vulnerable people in Africa are to the effects of climate change.

Link related:

http://www.commondreams.org/headlines07/0109–05.htm

Travellers 'Prepared to Pay Green Flight Tax'

[Adfero Ltd, www.travelconnect.co.uk*, 16th January 2007]* Holidaymakers are not concerned about the prospect of paying a green tax on their flight tickets, a new report has found. Travel and tourism has been dominating the green agenda during the first weeks of 2007, as politicians and airline bosses have jousted over the responsibilities that each has in terms of protecting the environment. The issue perhaps came to a head when prime minister Tony Blair revealed he would not be prepared to forego his long–haul journeys to set an example, which prompted an angry response from green campaigners.

And according to Travel Insurance Web, 61 percent of travellers would be willing to see a green surcharge added to their travel costs to offset the carbon footprint of burning jet fuel. The idea, according to supporters of a green tax, is that the money would be used to fund research into renewable and sustainable technologies, although some campaigners continue to insist that there should be an absolute ban on domestic flights and avoidable short–haul journeys.

Graham Linney, marketing director of Travel Insurance Web, said: "Our customers clearly see that discretionary travel has an environmental impact. "While they might not be giving up leisure travel, rightly so in my opinion, they can at least nullify the impact this may have. Our customers are typically financially shrewd, but it seems many of them are prepared to absorb the cost for what they see as a justifiable reason. A 'green levy' to offset carbon emissions from holiday travel seems to be a concept people understand."

In his pre–Budget report, Gordon Brown made it clear that the environment was a priority when he raised the Air Passenger Duty from £5 to £10 and on short–haul flights and from £20 to £40 on long–haul flights.

The tax increase applies to all flights from 1st February 2007, but it will affect many of those who paid for their flights before the chancellor raised the duty. While British Airways will absorb the costs of this increase (approximately £11 million), many others have been forced to ask their passengers to cough up.

Federal Government makes "the official travels" climatic neutral

[Federal Ministry of Environment, Nature Conservation and Nuclear Safety of Germany,

28th February 2007] Cabinet decides, on suggestion of Gabriel, to compensate the CO_2–Emissions /"Addition of the climatic protection policies"

The cabinet decided today, on suggestion of Federal Minister of the Environment Sigmar Gabriel, to adjust from the beginning of 2007 to compensate the CO_2–Emissionen of all official journeys of the Federal Government and make them climatic neutral. Gabriel: "With this step the Federal Government precedes with good example and sets in view of the alarming realizations over the climatic change a clear indication of more climatic protection. The voluntary self–commitment shows that the Federal Government takes the climatic protection in its own business seriously. It is a meaningful addition for the climatic protection policies of the government, and those particularly on the development of the renewable energies to increase the energy efficiency, emission trade and the building refurbishment, in order to reduce the greenhouse gas missions".

Federal Minister of the Environment Gabriel referred to, where always possible and meaningful to save "official travels" is already today replaced by video conferences and other modern means of communication to low costs, and in order to preserve the environment as much as possible. In particular between the two service between Bonn and Berlin have been used many of these possibilities.

In order to compensate the environmental impact of the not avoidable official travels, the Federal Government from the beginning of this year will place all service flights of the members and employees of the Federal Government, inclusive the ready for flight service of the cabinet members, as well as official travels with the fleet vehicles of the Federal Government into "climatic neutral".

This, takes place because of the fact that the quantity of CO_2–Emission, that is produced by the flights service and official car travels become balanced with the additional climatic protection projects through investments. The projects will be effectuated within the ranges of renewable energies and energy efficiency and must correspond to the quality criteria of Kyoto. Examples of it are for instance solar projects in India or heat damming measures in South Africa. The emission rights that are generated in this way are deleted from the German Emission Trading Scheme (DEHSt) that is settled by the Federal Office for Environment Protection, and thus extracted from the Emission Trading Scheme.

The necessary funds for the compensation of the CO_2–Emission amount for the entire Federal Government are approx. three to four million euro. These funds, which must be gotten by savings, will be set in the budget 2008, in order to balance the emissions from the year 2007.

Gabriel requested other institutions and enterprises to make similar initiatives in order to reduce the damage produced to the environment. Gabriel: "Climatic protection is not only a task of the politics, but the whole society. Each enterprise, each person can make their flights climatic–neutral and relieve so the environment harm" Air passage is particularly climatic–harmful, because the CO_2 is brought into large heights to the atmosphere. Link to the article:

http://www.bmu.de/pressemitteilungen/pressemitteilungen_ab_22112005/pm/38797.php

Ticket tax in NL, UK tax doubled

[http://www.aviationwatch.eu, 5th February, 2007] The new Dutch government will introduce a ticket tax for all passengers departing from the Netherlands, following the UK example. Meanwhile the UK has doubled its Air Passenger Duty to between 10 and 80 GBP per flight:

Economy class flights in Europe, including internal UK flights: £10

Business and first class flights in Europe: £20

Economy class long–haul flights: £40

Business and first class long–haul flights: £80

The Treasury brought in the rises after accusing the aviation industry of not meeting its environmental costs. But the move has failed to impress environmental groups, airlines or passengers. Mike Carrivick, chief executive of the airline trade body the Board of Airline Representatives, said the tax was purely a money–grabbing exercise. “At the moment Parliament has not even discussed the issue, but it has been made very clear to us that when it does it (the tax) would be made retrospective,” he said. “That places the industry in a very invidious position – it lays us open to a liability of well over £100m.”

Friends of the Earth was hoping for a bigger increase, while the British Air Transport Association said the rises would do nothing to tackle emissions.

Taxes “fail to curb travel CO_2”

[http://www.aviationwatch.eu, 5th February 2007] Current UK green tax plans are unlikely to curb the growth in greenhouse gas emissions from travel, a study says. High–income groups, whose emissions were twice the national average, would absorb any price increase rather than change their travel habits, it said.

Researchers from Oxford University said the data revealed how socio–economic factors shaped how people travelled. They said targeted measures, such as personal carbon credits, were more likely to influence people’s behaviour.

The findings have been published on the day that the Air Passenger Duty on UK flights is doubled; part of the environmental measures outlined by Chancellor Gordon Brown last December. In their report, the authors questioned the effectiveness of “moderate” tax hikes: “The most conclusive evidence from this study has been the relationship between income and emissions.

“For example, less direct or modestly used fiscal instruments such as moderate petrol or aviation fuel–price increases are less likely to have an effect on the more wealthy sub–sector of the travelling community.”

Highest emitters

They suggest that targeted measures, such as awareness campaigns aimed at high emitters or leisure flights, or personal carbon credits would be more effective ways to curb greenhouse gas emissions.

The team, from the university’s Centre for the Environment, found that the average climate change impact of an individual’s annual travel was equivalent to five–and–a–quarter tonnes of carbon dioxide (CO_2).

The highest emitters were mostly men who earned more than £40,000 a year – they were responsible for 19.2 tonnes of CO_2 from flights alone.

Looking at all modes of transport, the study showed that air travel accounted for 70 percent of the sector’s climate change impact, while cars were responsible for 25 percent, and public transport for 3.5 percent.

Project leader John Preston said that the percentages represented “climate change impact”, not CO_2 emissions, because the study took into account “positive radioactive forcing”, which refers to evidence that CO_2 emissions from aircraft at high altitudes are more potent than CO_2 released at ground level.

“That is part of the reason why we come up with a much bigger figure for emissions from aviation than is often quoted by the aviation industry, which tends not to include radioactive forcing,” he explained.

The research, funded by the Economics and Social Research Council (ESRC), was based on a survey of almost 500 people in Oxfordshire, which included postal and web–based questionnaires and face–to–face interviews.

Professor Preston said the findings also gave a useful indication of the UK’s travel habits.

"We did compare our data to national surveys, such as the National Travel Survey, and our sample is reasonably representative of the nation as a whole."

He added that the UK was facing tough choices on the most effective way to lower greenhouse gas emissions.

"The transport sector contributes 26 percent of UK carbon emissions and is the only major sector in which emissions are predicted to rise until 2020. Transport is thus a priority area for government policy."

5. GREEN BUDGET REFORM IN THE EU

Europe Challenges U.S. by Slashing Greenhouse Emissions

[Roger Choate, http://blogcritics.org, 11th March, 2007] Europe has taken the lead in the battle against climate change in an historic pact to slash greenhouse gas emissions and boost renewable power. Over the weekend the 27–nation European Union announced it would cut the emissions by 20 percent within 13 years – and 30 percent if major polluters like the United States agree to do the same.

The 30 percent target was widely understood to be the European Union's opening bid for a new international agreement on emissions when the international Kyoto Treaty expires in 2012. Support from the United States would be vital: "If we do 30 percent alone, the costs for the EU would be too high," said officials at the European Commission in Brussels.

The thought about "burden–sharing" is also pointing toward a potential deal with the United States at the forthcoming G8 Summit of industrialized countries in June. In addition to carbon reductions, EU leaders promised that by 2020, one fifth of European energy for the Union's 494 million citizens will be derived from renewable like wind and solar or hydroelectric power. The role of nuclear power got an unexpected boost. In a compromise with France and the Czech Republic, nuclear power capability will be taken into account when determining national commitments to renewable.

If nation–states within the Union fail to meet objectives they can be hauled into the European Court of Justice. Another binding target would be biofuels that should account for 10 percent of EU transport power by 2020. Energy efficiency savings of 20 percent are targeted within 13 years, while there would also be anew push on carbon capture and storage technologies.

Environmental groups in Europe were divided. Greenpeace praised the deal as "the biggest such decision since the adoption of the Kyoto Protocol." Friends of the Earth was less enthusiastic. "Heads of States gave a modest boost to the uptake of renewable energies, but agreed that the EU should aim low on cutting greenhouse gases, and failed again to agree on any concrete commitment towards reducing Europe's appalling waste of energy." Other environmentalists thought greenhouse emissions would have to be cut well beyond 30 percent to make any kind of possible dent in the quickening catastrophe–in–the–making. The deal was expectedly hailed by European leaders. British Prime Minister Tony Blair and French President Jacques Chirac both praised the way the Summit was managed by German Chancellor Angela Merkel. Her climate change aims had met opposition in East European countries that still rely heavily on coal. The outcome was not easy, but "Mrs. Merkel achieved it with intelligence and brio," said Chirac.

EU leaders give boost to energy–savings plan

[EurActive.com, 12th March 2007] Heads of states and government have urged the Commission to "rapidly submit proposals" to scrap ordinary light bulbs across Europe within two

years and to improve efficiency standards in office equipment and street lighting.

EU leaders threw their weight behind the Commission's effort for greater energy savings on 9 March, stressing "the need…to achieve the objective of saving 20 percent of the EU's energy consumption compared to projections for 2020".

In October last year, the Commission presented an action plan to save Europe some 20 percent in energy consumption by 2020 and slash its energy bill by more than €100 billion annually, preventing millions of tonnes of CO_2 being emitted into the atmosphere.

Following measures recently adopted by the Australian government to scrap incandescent light bulbs from Australian homes within three years (EurActiv 21/02/07), the Spring Summit on 9th March urged the Commission to "rapidly submit proposals" on:

Energy savings from office and street lighting "to be adopted by 2008", and; "incandescent lamps and other forms of lighting in private households by 2009".

Irish Prime Minister Bertie Ahern was quoted by Reuters as saying: "We are very impressed by the Australians and before we came to the summit, we had already been in touch with them and looking at the issue."

German Chancellor Angela Merkel, who chaired the summit meeting, said: "We're not saying that people should throw out all the bulbs in their house today but people should start looking at what's in the shops."

"Banning old–fashioned light bulbs across the EU would cut carbon emissions by around 20 million tonnes per year – and save between €5–8bn per year in domestic fuel bills," said UK Green MEP Caroline Lucas.

Although ordinary light bulbs are cheaper, Lucas says they need to be replaced "some 15 times before an energy–saving alternative reaches the end of its life," something that she says is costing households "millions".

"It really is a win–win proposal: banning old–fashioned light bulbs would be a step towards tackling both fuel poverty and climate change." Lucas has drafted a Written Declaration that she hopes other MEPs will endorse, calling on the Commission to propose legislation to ban ordinary light bulbs.

EU governments warned over green laws

[ENDS Europe DAILY 2224, 12th December 2006] The European commission has announced legal warnings or court cases against 17 governments it suspects of breaching EU rules. The decisions follow the executive's latest quarterly stock–take in its role as official watch–dog for compliance with existing laws. Seven countries face increased pressure to comply fully with rules in the EU emission trading scheme. Other actions concern a wide range of different green laws:

Austria, Belgium, France, Germany, Luxembourg, the Netherlands and Portugal are being sent legal warnings over deficiencies detected by the commission in their implementation of the 1999 waste landfill directive. Common problems, according to the commission, are incomplete, incorrect or non–transposition of elements including waste definitions, types of waste exempted from the directive's rules, types of waste that must be kept out of landfill and a strategy to reduce land filling of biodegradable waste.

Italy and France are being taken to court for a second time for failure to comply with court rulings against them. The commission is requesting substantial financial penalties.

Italy has failed to address illegal waste landfills despite two court rulings against it in 2004, the commission says. France has still not transposed the EU's 2001 directive on deliberate release of genetically modified organisms. The commission is requesting lump sum penalties and daily penalties rising to €38m and nearly €367,000 per day in the case of France.

The commission is taking Finland, Sweden and Portugal to the European court of justice over breaches of the 1991 urban wastewater treatment directive. EU environment commissioner Stavros Dimas particularly criticised Finland and Sweden, which he said are "rightly concerned about the state of the Baltic Sea", and yet have failed to systematically remove nitrogen from inland cities and towns, "which European law requires".

Spain, Italy and Austria are each being sent first warnings of legal action over hunting rules out of line with the 1979 wild birds directive. The action against Spain concerns breaches for which it has already been condemned by the European court of justice.

Spain, Greece, Poland and Slovenia face a series of further legal actions, including six separate infringement cases against Spain and three against Greece. Four of the cases against Spain concern breaches over which it has already been condemned by the court. If the commission should win repeat judgements then Spain could face substantial daily fines.

Energy taxes in Europe

[Ecologic – Institute for International and European Environmental Policy, 14th December 2006, http://www.ecologic.de] Several European countries have introduced specific energy taxes or comprehensive ecological tax reforms in order to set economic incentives for the reduction of greenhouse gas emissions. These taxes and tax reforms are based on various approaches and models and have thus different impacts on the environment, economy and employment. Ecologic's systematic review of existing evaluations of energy taxes can support the identification of effective models and derive possible approaches for Switzerland where the introduction of an energy or CO_2–tax is still discussed.

Effects of existing energy taxes and ecological tax reforms are analysed in order to derive conclusions for the Swiss policy on energy taxation. In a first step, a systematic review of all European models of energy taxation is compiled, and evaluations of these taxes are illustrated. This systematic review focuses on the energy taxes' impacts on energy use, energy intensity and emissions as well as economic aspects such as competitiveness, employment, incentives for innovation and distributional effects. For Denmark, Germany, Sweden, the Netherlands and the United Kingdom, an in–depth analysis follows in a second step in which the results of existing evaluations are checked for their significance.

The results of this in–depth analysis will be depicted in a comparative way in order to identify ecologically effective and economically efficient approaches and to check if they are transferable to the Swiss case. Links: Ecologic project "Effects of Germany's Ecological Tax Reform" Ecologic project "Legal Implementation of the European Directive on Emissions Trading" Green Budget Germany Keywords: Ecological Tax Reform, market–based instruments, climate change policy, energy policy, environmental taxes, evaluation, economy, Europe, Switzerland Sponsor: Swiss Federal Office of Energy (SFOE)

Transport – bottom of the Kyoto class again

[Professor Jacqueline McGlade, EEA, 26th February 2007] Greenhouse gas emissions from transport remain a key, but avoidable, obstacle to the EU reaching its Kyoto climate change targets, according to a new European Environment Agency (EEA) report, released in Copenhagen today.

The EEA report, 'Transport and Environment: on the way to a new common transport policy' says that European transport policy must deal with spiralling demand for transport. Between 1990 and 2003, passenger transport volumes in the EEA countries grew by 20 percent. Air transport grew the most, 96 percent, during this period.

While emissions from most other sectors (energy supply, industry, agriculture, waste management) dropped between 1990 and 2004, emissions from transport increased substantially driven by this increase in demand.

Transport is responsible for 21 percent of total greenhouse gas (GHG) emissions in the EU–15 (excluding international aviation and maritime transport). Road transport contributes 93 percent of the total of all transport emissions. However, emissions from international aviation are growing fastest with an increase of 86 percent between 1990 and 2004.

GHG emissions (excluding marine and aviation) from transport grew the most in Luxembourg and Ireland between 1990 and 2004 with respective increases of 156 and 140 percent. The average increase in the 32 EEA member countries (see notes) was 25 percent.

“By suggesting that we simply deal with the environmental impacts of transport, the mid term review of the 2001 White Paper on Transport could be interpreted as a softening of Europe’s line on the need to deal with transport volumes. This cannot be the case,” said Professor Jacqueline McGlade, Executive Director of the EEA.

“We cannot deal with the increasing GHG emissions, noise pollution and landscape fragmentation caused by transport without dealing with the increasing traffic across the spectrum: on our roads and railways, in the air and by sea. Technical advances, such as cleaner, more fuel efficient engines are very important but we cannot innovate our way out of the emissions problem from transport.” she said.

The report also highlights the significant role that transport subsidies play in terms of directing transport choices. Between €270 and €290 billion is spent annually in Europe in transport subsidies. Almost half of these subsidies go to road transport, one of the least environmentally friendly modes. The EEA will release a detailed study of transport subsidies in March 2007

Pollution from transport is also having a direct effect on our health. Almost 25 percent of the EU–25 population live less than 500 meters from a road carrying more than three million vehicles per year. Consequently, almost four million life–years are lost each year due to high pollution levels, the report says.

Link to the article:

http://www.eea.europa.eu/pressroom/newsreleases/transport–bottom–of–the–kyoto–class–again

Link to the EEA Report No 1 /2007:

http://reports.eea.europa.eu/eea_report_2007_1/en

A glaring emission. The EU's Emissions Trading Scheme was meant to cap aviation's carbon cost, but it could end up enriching airlines at our expense.

[Leo Hickman, The Guardian, 18th December 2006] After a slow and laboured take–off, the debate about how best to curb the environmental impact of aviation has now finally reached cruising altitude. The year 2006 is notable for the extraordinary pace with which the debate has gathered momentum – in the UK, at least (elsewhere, the subject has yet to reach anywhere near the heights, or fever pitch, it has achieved here).

In the past few weeks alone, we've had the Eddington report into the UK's future transport needs, the Stansted airport planning rejection, the green light from the government to expand Heathrow, and the doubling of the Air Passenger Duty (APD) in the Pre Budget Report. For environmentalists hoping for meaningful action, it has been a bumpy ride, with brief elation quickly being dashed by a depressing dose of business–as–usual realism.

But buckle your seat–belt for more turbulence: the European Commission is set imminently to announce its plans for reining in the fast–growing emissions of the aviation sector. It has long been predicted that aviation will be ordered into the EU's Emissions Trading Scheme (ETS) – the "cap and trade" marketplace launched in 2005 that attempts to put a price on carbon dioxide emissions allowing business sectors to trade among themselves in order not to exceed their own emissions quotas. The economics is simplicity itself: a phased reduction in the supply of quotas drives up their price, which, in turn, creates a financial incentive to reduce emissions.

But it's the politics of self–interest and industry lobbying, as always, that threatens the scheme from ever becoming a beacon for the rest of the world to join, or at least imitate. The scheme's reputation has already been badly damaged by the fact that EU members have been allowed to set their own national emissions caps, leading to the fact that, during the first phase of the scheme, the caps exceeded the actual emissions released. This caused the price of carbon to plummet, therefore making the act of polluting cheap once more – the polluters saves, as opposed to the polluter pays. Worse, it looks as though the mistake could be made again for the second phase of the scheme from 2008–2012 (the period aviation is likely to be included).

Unsurprisingly, most of the airlines have been chomping at the bit to enter the scheme as a way to help defuse their current billing as public enemy No. 1 (a label, I believe, is misplaced as, of course, there are bigger polluting sectors out there; the concern is caused by the industry's predicted growth and its extremely limited ability to turn to techno–fixes, as others can do more readily). They have been lining up all year to say how it is their "preferred option". It is safe to assume that they see it as easy street compared to the threat of truly meaningful green taxes or the blocking of airport expansion. (Last week's APD rise pleased no one within the debate – not least because the £1bn raised each year will simply disappear into the Treasury's coffers, and not be ring fenced for, say, environmental projects, which would have at least helped those being asked to pay it to literally buy into the issues as opposed to giving them licence to bemoan "yet more bloody taxes". It also handed the airlines the opportunity to say that the thumbs–up just days later to the Heathrow expansion was "payback" for the APD rise, as if climate change was a matter for Edward Woodward in The Equaliser as opposed to being The Biggest Threat to Mankind, as we are repeatedly being told by climate scientists. Worst of all, though, it was nowhere near high enough actually to force behavioural change.)

But if ETS really is to be the only show in town, then it's more than just the surface concerns that need to be ironed out. The Institute of Public Policy Research (IPPR) has been looking closely at the ETS for the past six months and says a number of devils lie in the detail. It says that, for the aviation industry's emissions to be really kept in check in the face of the predicted growth, then a series of extra measures need to be considered, including making all flights in and out of Europe be part of the scheme (the aviation industry has already predicted the US will start a trade war if this happens), and recognising that aviation has a potentially greater climate–change impact than just through its CO_2 emissions alone.

However, the biggest mistake, says the IPPR, would be to hand out the majority of quotas for free to the airlines, as the system currently promotes, as opposed to distributing them via an auction. If this doesn't happen, the IPPR predicts that the airlines could stand to make £2.7bn, simply by passing on the cost of trading the quotas to passengers and pocketing the difference. Now we've gone from polluters pays, to polluter earns.

There is a grave danger that the ETS could just become another way to allow polluting sectors, such as the aviation industry, to juggle the figures before our increasingly dazzled eyes while waving their "we're doing our bit" flag with gusto, as is already the case with carbon offsetting – all the while, their emissions continue to rise without them paying the true environmental cost. Just as a crude indication of how far off the mark ETS currently is, remember that Sir Nicholas Stern estimated that each tonne of CO_2 emitted causes environmental damage worth at least $85 (€65). This afternoon, a tonne of CO_2 was trading at €6.70 within the ETS.

The European Commission incorporates all airlines into the ETS

[Carlos Vedovatti, Green Budget Germany, 12th January 2007] The 20th December 2006 the European Commission (EC) declared that all airlines that fly within the European Union (EU) will have to trade pollution allowances from the beginning of 2011, in order to reduce CO_2 emissions and to succeed the goals of the Kyoto Protocol. The expanded rules covering affects to all airlines flying in the EU will take effect the next year. More than the 3percent of total greenhouse gas emission is produced by the aircraft, higher than any other industry. And this will increase as cheap flight proliferates. The ETS allows an airline that cubs its output to sell spare allowances to other carriers. Permits setting emissions level would be auctioned by the member states or issued for free. Airlines would get a € 3.97 billion windfall it the permits were free, the UK's Institute for Public Policy Research said. The number of permits given to airlines will be determined by the average level of emissions in 2004–2006, according to the EC. The system would curb emissions by 183 million metric tons a year, or 46 percent, by 2020, it said.

The EC urged to cut down on realising the green house gas that causes climate change by that airlines industry. Stavros Dimas the Environment Commissioner declared that the plan is compatible with the international rules, adding that the U.S. airlines wouldn't win a challenge to it. "It's a global problem", Dimas told to the reporters. "It needs a global solution". "Without action, the growth in emissions form flights from EU airports will by 2012 cancel out more than a quarter of the 8 percent emission reduction the EU must achieve to reach its Kyoto Protocol target", he said.

Reactions of the airlines are generally in favour of the plan. The Association of European Airlines declared that "poorly designed programs could strip airlines of the funds; they need to introduce cleaner technology". The International Air Transport Association (IATA) also gave it a "cautious welcome". Official from the IATA declared that they had already won concessions from the EU, including permission to sell larger quantities of surplus permits and a delay in specific plans to regulate nitrogen oxide, another pollutant emitted by air engines. On the other hand, many airlines supported by the U.S. government that it could be expensive and unworkable. What is more, the U.S. attacked the plan as a violation of international aviation accords. The Emission Trade System (ETS) can't be imposed "without the consent of the non–EU participants", the U.S. mission to the EU said in a statement.

This plan could have an effect on the travellers that could see their prices of the tickets raised. But the EU officials said that airlines, if they choose, should be able to pass much of the extra costs on to passenger, who would face increases in ticket prices of €1.80 to €9 for a return trip within the EU over the next decade. The environmentalist claimed that EU plan is too weak; citing a report from a British research organization of the Institute for Public Policy Research that said airline could earn up to 2.7 billions pounds because they will get emissions allowance for free and pass the costs in higher ticket prices. One group, Transport and Environment, said that plan would barely reduce overall emissions and more measures were needed such as tax on fuel and sales tax on tickets. Peter Lockley, a policy analyst at the Aviation Environment Federation in London, criticized the EU plans to give airlines most of their pollution credits free, rather than through more extensive auctions. Lockley said that the airlines should reduce their emissions form 1990 levels, as with other heavy polluters in Europe, rather than from present levels.

Commission wants binding cuts on car emissions

[EurActiv.com, 8th February 2007] The Commission will propose legislation to make European carmakers reduce the average CO_2 emissions of new vehicles to 130g/km by 2012, after a voluntary agreement with manufacturers did not achieve its targets. The car industry, as well as green NGOs, rejected the new plans.

In 1995, the EU set itself an ambitious goal of reducing emissions of carbon dioxide from new cars to 120 Grams per kilometre (g/km) as a measure to combat climate change. The Commission tried to achieve this target through a voluntary agreement with European car manufacturers, who promised to gradually improve the fuel efficiency of their new cars.

The 1998 voluntary agreement between ACEA (the EU's Automobile Manufacturers Association) and the Commission included a commitment by the carmakers to achieve a target of 140g/km by 2008. Japanese and Korean car producers made a similar commitment for 2009.

Although significant progress was made, average emissions fell only from 186g/km in 1995 to 163g/km in 2004. The Commission therefore decided that the voluntary commitments did not achieve their target and that binding legislation would be necessary.

The presentation of the new strategy on 7th February has been preceded by heavy lobbying from both the car industry and green NGOs. The German car industry, which is the world's global leader in heavy luxury cars (with higher CO_2 emissions), made strident efforts to convince its government to intervene in the new strategy. As a result of these lobbying efforts, the strategy's presentation was twice postponed because of serious divisions within the Commission's own services.

The new strategy (which will have to be followed up by legislative proposals later) promises to set a binding target for new cars of 120g/km by 2012. Car producers will bear most of the responsibility for this reduction, as they will have to realise new vehicle–technology improvements which should bring their emissions down to 130g/km by that date. The other 10 grams will have to be reached through complementary measures such as further use of bio fuels, fuel–efficient tyres and air conditioning, traffic and road–safety management and changes in driver behaviour (ecodriving).

The Commission also proposes:

– To invest in more research aimed at reducing emissions to an average of 95g CO_2/km by 2020;

– To encourage member states to promote and stimulate the purchase of fuel–efficient vehicles (via labelling and car taxation), and;

– To demand that car manufacturers sign up to an EU code of good practice on car marketing and advertising to promote more sustainable consumption patterns.

An essential aspect often overlooked in the Commission's new strategy is consumer behaviour and how to influence it. One of the reasons for the lack of progress on vehicle fuel efficiency since 1995 is the fact that Europeans continue to buy bigger cars and that there are very few policies to dissuade consumers from doing so.

Commission firm on 2015 car recycling goal

[ENDS Europe DAILY 2241, 16th January 2007] A requirement for EU governments to recycle 85 percent and recover 95 percent of scrap cars in Europe by 2015 should be kept in place, the European commission recommends in a report adopted on Tuesday. The targets are environmentally and economically optimal, it concludes, and should be retained to drive eco–innovation.

The targets were set in the end–of–life vehicles (ELV) directive, adopted in 2000. In 2005, an official stakeholder group dominated by the industry called for them to be relaxed or ditched.

The commission's report marks the beginning of a debate by MEPs and EU governments, which under the terms of the directive must decide whether to maintain the 2015 targets, based on the commission review.

According to the commission, meeting the 2015 targets will bring environmental benefits including almost 1m tonnes of avoided CO_2 emissions. They will also result in what the commission calls an "economic gain" to society of €55 to €120 per vehicle.

The directive makes car producers responsible for any financial costs involved in meeting the recycling targets. Since the law was passed they have expressed doubts over the value of raising recycling levels beyond an interim target set for 2006. Drawing on recent research, the commission rejects their concerns.

The ELV directive's targets "generate both environmental and economic benefits, and reducing or repealing them would reduce" these, it states baldly. Better technologies are still required, but the best hope that these will materialise is precisely to maintain the targets.

In contrast, diluting the 2015 targets would likely slow down or even stop technological developments, the commission asserts. This would lead to an increase in environmental impacts. It would also undermine the potential for Europe to become a world leader in cutting edge automotive recycling technologies.

*Meanwhile a deadline for EU countries to ensure car owners can deliver ELVs to waste treatment facilities free of charge from 1st January 2007 seems to have passed successfully, according to the commission. All but three member states have confirmed they have implemented the requirement, and no formal complaints have been received from consumers, an official told ENDS.

French minister supports Environment Commissioner's car CO_2 legislation plan

[Auto Industry UK, 16th January 2007] Nelly Olin, the French minister of Ecology and Sustainable Development, has voiced support of Environment Commissioner Stavros Dimas' aim to legislate for a 120 g/km CO_2 limit for cars in five years' time, reported the French business paper Les Echos yesterday. The major French manufacturers Renault and PSA, together with Fiat, are the only three EU carmakers capable of meeting existing voluntary CO_2 reductions.

The paper also reported a spokeswoman for the ACEA European vehicle manufacturers' association who repeated the organisation's view that reliance purely on technological advances to meet such a target would be too expensive. Sigrid de Vries of the ACEA said, "According to an independent study, bringing average fleet emissions to 140 from 160 g/km would alone add an average €1,200 to the present cost of cars, while bringing them down to 120 g/km would cost another €2,500. A more cost–effective solution must therefore be found."

Mandelson rejects CO_2 border tax

[www.euractiv.com, 15th January 2007] Trade Commissioner Mandelson has attacked a plan supported by France and Industry Commissioner Verheugen to impose taxes on imported goods from countries that have not ratified the Kyoto protocol.

In the context of the Kyoto Protocol, EU members have committed themselves to cutting industries' CO_2 emissions by 8 percent, compared with the 1990 "base–year" levels, before 2012.

This will be costly for European industries which, under the EU system, must either clean up their act through the development of new technologies or pay high prices for the right to emit greenhouse gases.

And, because not all countries have committed to the Kyoto Protocol – in particular the

United States, which withdrew from the Treaty in 2001, arguing that it would be detrimental to the American economy – the EU commitment is criticised for putting European industry at a competitive disadvantage with those that continue to pollute freely.

Issues:

The EU must continue to take global leadership in the fight against global warming, but imposing punitive measures on countries that are not taking action on climate change is certainly not the answer, Trade Commissioner Peter Mandelson said on 18th December 2006.

The idea of imposing a “green” tax on imports from countries that are not parties to the Kyoto Protocol, in order to cancel the competitive advantage they gain over the EU from not implementing costly emission–reduction schemes, was aired one month earlier by French Prime Minister Dominique de Villepin at the annual UN conference on climate change.

Villepin announced that the French Government would "make concrete proposals in that direction in the first quarter of 2007".

French Prime Minister Dominique de Villepin argued: "Europe has to use all its weight to stand up to environmental dumping,” adding that France would urge its European partners to study “the principle of a carbon tax on the import of industrial products from countries which refuse to commit themselves to the Kyoto protocol after 2012".

Trade Commissioner Peter Mandelson dismissed Villepin’s plan as “highly problematic under current WTO rules and almost impossible to implement in practice”, pointing to the practical difficulties of choosing which goods to target, when faced with imports from China – which has ratified Kyoto but has no targets because of its developing country status – and the US, which has not ratified the Treaty but in which certain states like California have ambitious climate change policies.

He also stressed that such a policy would "not be good for politics" and highlighted Europe's "historical environmental debt", having contributed, with the rest of the rich world, to 80 percent of carbon emissions to date.

Instead, he called on the EU to take the lead in proposing a WTO–wide deal that would eliminate all tariffs on trade in green technologies and energy–saving equipment, thus fostering their development by making them more easily available to all nations.

This, he said, would also create opportunities for European industries, which could obtain a clear competitive advantage in this area – compensating for any losses endured from adhering to the Kyoto Protocol.

"Emissions trading can drive up the cost of emitting greenhouse gases and thus restrain them. Maximising exchange and trade in green technology is what will ultimately drive emissions down altogether," he said.

In a letter to Commission President José Manuel Barroso, Enterprise and Industry Commissioner Günter Verheugen backed de Villepin's proposal, saying that if Europe remained alone in cutting emissions, there was a risk that companies could shift their production where standards are more lax. He said that "border tax adjustments" for developed countries that have yet to implement the Kyoto treaty could balance out such effects.

The idea has not received a particularly warm welcome from EU businesses. Climate–change expert Daniel Cloquet at UNICE, the European employers' association, expressed the "highest reserves" over the idea, saying that it holds the potential to launch "a commercial war" with the US or China, which do not have cap–and–trade systems.

On the other hand, John Hontelez, secretary–general of the European Environment Bureau, a federation of 143 environmental organisations, says that he supports the idea of a border–tax adjustment. "The Commission has picked this up and found it interesting enough to include it in discussions," he said.

Border Tax Adjustments – How the EU could have a Global Impact on Environmental Tax Reform and Climate Change.

Introduction

[Kai Schlegelmilch, Green Budget Germany, 1st February 2007] There are limits to energy taxation within national boundaries, particularly in relation to energy–intensive industries, which have to remain competitive on international markets. It is commonly argued that higher energy taxes will result in relocation to countries with lower energy taxes, at least in the case of energy–intensive sectors exposed to international competition, thus leading to job losses and the undermining of an important sector of the economy. Introducing a policy with such results does not appeal to any politician and for this reason, governments shy away from taxing energy–intensive sectors effectively, instead implementing tax exemptions and losing out on significant tax revenue as a result. In the medium and long–term, this may result in energy tax revenues remaining stable, as industry is thus encouraged not to relocate […].

However, the international harmonisation of energy taxes – even within the European Union – has proven extremely difficult and steps to harmonise tax rates have been extremely slow, not least as a result of the EU's unanimity clause. […] Moreover, inflation has already rendered the EU's 2004 minor energy tax increases obsolete. Generally speaking, it has also proved impossible to make progress on a global climate policy that includes non–signatory states of the Kyoto Protocol. […]

Border Tax Adjustments can make a significant contribution to climate protection and competitiveness

Taxing imports in relation to the energy consumed in their production is an interesting way of approaching this problem. If products were taxed according to the energy–intensiveness of their production, then imports from countries that use less energy efficient processes than the EU would become more expensive, while products from countries which produce more energy–efficiently would become less expensive (i.e., imports from Japan). At the same time, exports from the EU to all countries outside Japan would become less expensive, because companies would receive tax rebates for energy taxes paid within the EU on goods they subsequently exported. This would make EU products more competitive both at home and abroad, and further improvements in energy efficiency would immediately give companies a greater competitive advantage as well.

The political dimensions of this rather strategic approach have been developed in some depth in the paper below in relation to the USA:

http://www.foes.de/de/downloads/OESN41/BTABiermannUSA–EU.pdf

The article below examines real examples of BTAs in the USA and reveals, interestingly, that the USA applies a BTA on its domestic Ozone–Depleting Chemicals Tax, even on products manufactured using ozone–depleting chemicals, rather than containing them:

http://www.foes.de/de/downloads/OESN41/RoleOfBTA.pdf

In Australia approaches to BTAs (Border Tax Adjustments) have also been considered. For more information see the Australia Institute "Competitiveness and Carbon Pricing: Border adjustments for greenhouse policies": […]

Download the paper at:

http://www.tai.org.au/Publications_Files/DP_Files/DP86percent20Sum.pdf

A paper considering the actual implementation of BTAs, including a calculation of their effects, has also been produced (in German):

http://www.cepe.ethz.ch/education/CompletedThesis/260506_SA_Besteuer_ind_Emissionen_B_Girod.pdf

It is no wonder that so many different institutions have already focussed on BTAs – the introduction of a BTA would lead to the complete turnaround of the dilemma described above:

Instead of job losses due to relocations in states aspiring to fulfil a pioneering role in climate protection, efficient energy–intensive industry would have a competitive advantage in the EU. […] At present, the Commission only permits limited and well–founded reduced tax rates for certain elements of the economy.

Due to the potential economic impact of the reduced competitiveness of energy–intensive and inefficiently manufactured products, e.g. from the USA, incentives operating within the EU would also operate outside it, inspiring non–EU states to introduce similar domestic mechanisms, such as energy taxation or emissions trading, to stimulate their own economies to improve energy efficiency and thus combat competitive disadvantages abroad. […]

Legal Legitimacy

BTAs are regarded by some as a form of protectionism, and thus, they claim, are not compatible with international trade regulations. In reply to this, one could raise the question: what is being protected? The EU economy, because it is efficient and protects the climate, or the global climate, or neo–liberalism itself and its rejection of such approaches?

The OECD is not usually suspected of working against international trade. In a 2006 publication, *The Political Economy of Environmental Taxation*, the OECD analysed the subject of BTAs in some depth. It concluded:

1) BTAs could protect OECD manufacturers completely, while reducing global emissions at the same time. Such a system would not be easy to administrate – but in today's computerised world, far from impossible.

2) Whether a BTA of this nature would be permitted under GATT/WTO regulations is uncertain. There are no clear regulations in the GATT/WTO. Above all, whether elements not physically present in the final product can be taxed is hotly debated. […]

3. In the end, it depends whether individual states or regions introduce such border tax adjustments. If they do, and no country starts legal proceedings, then the legal uncertainties will in fact have been laid to rest. […]

The European Commission is a uniquely progressive institution

The EU Commission is probably the only institution in the world which has the political will and the administrative capacity to draw up and implement a detailed and realisable BTA proposal. The Stern review (http://www.hm–treas-ury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm) emphasised that the cost of inaction will be considerably greater than the cost of taking action to mitigate climate change. For this reason, it is important to forcefully pursue all possible courses of action, including BTAs. […]

High–level support

This approach already has several prominent advocates. In February 2006, EU Vice President Günter Verheugen set up a High Level Group on Competitiveness, Energy and the Environment and when its second report was published on 30th October 2006, it called for the thorough investigation of the opportunities offered by BTAs. Significantly, members of the group included prominent representatives of industry and the Federal Economic Ministry. For more details see:

http://ec.europa.eu/enterprise/environment/hlg/doc_06/second_report_30_10_06.pdf

But where there is such broad and prominent support for this, there are also other opinions like the one of the Commissioner Peter Mandelson (http://ec.europa.eu/commission_barroso/mandelson/speeches_articles/sppm136_com_en.htm) who considers them as not problematic under current WTO rules, and almost impossible to implement in practice. He said, it would also be bad politics. A punitive approach to pursuing international cooperation on climate change would be politically and strategically clumsy, igniting a carbon war.

However, already in the mid–90s, staff from the tax division of the BAYER concern investigated the possibility of a BTA, analysing its results in detail. For more details see Keil, Thomas (1997) Allphasen–Ökosteuer – Rahmenbedingungen für eine wirksame und standortverträgliche ökologische Steuerreform, Eberhard Blottner Verlag, Taunusstein – English summary at:

http://www.foes.de/de/downloads/OESN41/BTAKeilEnglisch.pdf).

Former World Bank chief economist Professor Joseph E. Stiglitz has said: "In most of the developed countries of the world today, firms are paying the cost of pollution to the global environment, in the form of taxes imposed on coal, oil, and gas. But American firms are being subsidized—and massively so. [http://www.bepress.com/ev/vol3/iss7/art3/…] Some claim that Stieglitz is not pursuing the right approach:

http://worldtradelaw.typepad.com/ielpblog/2006/10/why_stiglitz_is.html

Perhaps inspired by Stiglitz's logic, the French government has also demanded the introduction of a BTA, mooting their suggestions during climate change talks in Nairobi. According to the German *Tageszeitung*, France will produce its own proposal for a BTA – a so–called 'Eco–Duty' – in the first quarter of 2007, which it intends to circulate at EU level for EU approval.

In addition, the honourable UK's Environmental Audit Committee of the House of Commons has published a report (http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/70/70.pdf) which states that "it appears that the use of a border tax adjustment might have the most potential; however, the Government must urgently clarify whether this would indeed pass WTO criteria. (Paragraph 107)."

In a related interview Professor Grubb said: "border tax adjustments is one which one should approach with considerable caution, but there is increasingly open talk about it and I notice that the high level group on competitiveness had not ruled out the possibility of exploring border tax adjustments as a way of dealing with competitiveness issues. I think there are some pretty strong arguments on both sides, but I do not think it should be ruled out of consideration in the context of a wholesale review."

One of the main issues is that carbon constrained economies are potentially under threat from noncarbon constrained economies for commodity products such as cement. One method to alleviate the potential impact of imported material is to use a Border Tax Adjustment or other initiatives; these can be used as an interim transitional measure to help promote global ETS. BTAs are compatible with Emissions Trading

The possibility of combining BTAs and Emissions Trading is an attractive option, not least because it would be easier to harmonise global Emissions Trading than energy taxation. For more information, see:

http://www.foes.de/de/downloads/OESN41/BTA–IsmerNeuhoff.pdf

Initial conclusions

The introduction of BTAs should be intensively and seriously analysed by the European Commission, and should be used as a lever in negotiations for the post–2012 climate policy regime. BTAs could be introduced far earlier than this, in 2009/10, depending on the progress of the EU Commission. BTAs mean that countries and regions that choose to be regional pioneers in climate change mitigation policy do not pay the price in terms of reduced competitiveness of energy–intensive industry and its associated costs – job losses and relocation. BTAs are also a way of harnessing the power of the market for the benefit of climate protection and at the same time, they also provide opportunities for new alliances with energy–intensive industry in the EU.

Emissions Trading: European Commission Decides On Second Set Of National Allocation Plans For The 2008–2012 Trading Period

[Mondo Visione, 16th January 2007] The European Commission has taken decisions on two more national plans for allocating CO_2 emission allowances for the 2008–2012 trading period of the EU Emissions Trading Scheme (EU ETS). The Commission's decisions on the national allocation plans for Belgium and the Netherlands reaffirm its strong commitment to ensuring that the EU and Member States achieve their greenhouse gas emission targets under the Kyoto Protocol. The Commission accepted both national plans on condition that certain changes are made, including a reduction in the total number of emission allowances proposed. The cleared annual allocation for Belgium is 58.5 million tonnes of CO_2 allowances and for the Netherlands 85.8 million tonnes. The two plans and the 10 decided on in November 2006 together account for half of all allowances allocated in the first trading period from 2005 to 2007. The Emissions Trading Scheme ensures that greenhouse gas emissions from the energy and industry sectors covered are cut at least cost to the economy, thus helping the EU and its Member States to meet their emission commitments under the Kyoto Protocol.

Environment Commissioner Stavros Dimas said: "[These] decisions reinforce the strong signal we gave with the first set of decisions in November that Europe is fully committed to achieving its Kyoto targets and to making the Emissions Trading Scheme a successful weapon for fighting climate change that others can emulate. The Commission is assessing all national plans in a consistent way to ensure equal treatment of Member States and to create the necessary scarcity in the European carbon market. This is how we have assessed the plans decided today, and the same standards will be applied to all others. "

Assessment of the NAPs

National allocation plans (NAPs) determine for each Member State the 'cap,' or limit, on the total amount of CO_2 that installations covered by the EU ETS can emit, and set out how many CO_2 emission allowances each plant will receive.

The Commission's task is to scrutinise Member States' proposed NAPs against 12 allocation criteria listed in the Emissions Trading Directive. The criteria seek, among other things, to ensure that plans are consistent with meeting the EU's and Member States' Kyoto commitments, with actual verified emissions reported in the Commission's annual progress reports and with technological potential to reduce emissions. Other criteria relate to non–discrimination, EU competition and state aid rules, and technical aspects. The Commission may accept a plan in part or in full.

As with the first assessments, the Commission is requiring changes to the two plans where:

– the proposed total of allowances ('cap') for the 2008–2012 trading period is not consistent with meeting the Member State's Kyoto target,

– the proposed total of allowances is not consistent with expected emissions and the technological potential to reduce emissions, taking into account independently verified emissions in 2005, and anticipated changes in both economic growth and carbon intensity,

– the proposed limit on the use by companies of credits from emission–reduction projects in third countries carried out under the Kyoto Protocol's flexible mechanisms is not consistent with the rule that the use of these mechanisms should be supplementary to domestic action to address emissions.

Where modifications are required, the Commission has indicated in each case the steps to be taken by each Member State to make the plan acceptable to the Commission. Approval of the plan will become automatic once these changes have been made.

The Commission is proceeding with infringement procedures against Denmark and Hungary for not submitting their NAPs yet. The deadline was 30th June 2006.

Annex

Information about individual decisions:

Belgium: Plan accepted with changes required.

1) The annual allocation may not exceed 58.5 million allowances.

2) More information needs to be provided on how new entrants will be treated.

3) Intended ex–post adjustments must be eliminated.

The Netherlands: Plan accepted with changes required.

1) The annual allocation may not exceed 85.8 million allowances.

2) The share of allowances obtained by cutting the allocation to the power generating sector may not be redistributed to other sectors based on electricity purchases.

3) The application of an energy efficiency factor, the use of historic emissions and any redistribution of allowances obtained by cutting the allocation to the power generating sector must sufficiently avoid an allocation beyond expected needs at installation level

4) Certain installations covered by all other plans must be added to the installation list.

5) Intended ex–post adjustments must be eliminated.

6) The overall maximum amount of Kyoto project credits (CERs and ERUs) which may be used by operators for compliance purposes may not exceed 10 percent.

Summary information on the 12 plans assessed:

Approved allowances for 2005–2007, verified emissions in 2005, proposed caps for 2008–2012 and approved caps for 2008–2012

Member State	1st period cap	2005 verified emissions	Proposed cap 2008–2012	Cap allowed 2008–2012
Belgium	62.08	55.58	63.33	58.5
Germany	499	474	482	453.1
Greece	74.4	71.3	75.5	69.1
Ireland	22.3	22.4	22.6	21.15
Latvia	4.6	2.9	7.7	3.3
Lithuania	12.3	6.6	16.6	8.8
Lux.	3.4	2.6	3.95	2.7
Malta	2.9	1.98	2.96	2.1
NL	95.3	80.35	90.4	85.8
Slovakia	30.5	25.2	41.3	30.9
Sweden	22.9	19.3	25.2	22.8
UK	245.3	242.4	246.2	246.2

New common energy policy divides the EU

[Tiziana Forza, www.cafebabel.com, 16th January 2007] The European Commission have unveiled ambitious plans for a common energy policy. They pledge to keep fighting for an open energy market and against climate change.

The new energy 'package', published on 10th January, has three cardinal points: improve the internal market, accelerate the usage of new technologies and diversify and establish energy supply sources on the continent.

Political rifts

But in perspective, the Commission isn't creating clear methods in the energy field. They propose two options for the member states. The more radical one is supported by the liberals in the Commission, headed by the Dutch Competition Commissioner Neelie Kroes and Peter Mandelson, Trade Commissioner, namely separating production activities and energy distribution. Different companies thus negotiate every activity. This is incumbent upon giants such as E.ON and RWE, two of Germany's biggest energy suppliers, or France.

It's not surprising that the French–German axis – including two of Barroso's five vice–presidents, Jacques Barrot, Transport Commissioner, and Günter Verheugen, EU Commissioner for Enterprise and Industry – have stoked the ashes of negativity circling this proposal. This is where a far gentler second option comes in: the creation of one independent regulator who is responsible for the infrastructure network.

Energy is the EU's biggest international priority, especially under the current German presidency (which ends in June). It could lead to a conflict of interests, but Berlin doesn't have much choice in continuing the work that was started by the Austrian presidency.

Despite being one the biggest CO_2 producers, Germany stands apart from the other European countries with its recent pledge to cut 21 percent of its greenhouse emissions.

Nuclear yes–no–ing

The unhealthy indecision of the EU is prominent in matters of nuclear power. It leaves member states to keep making their own political decisions. It reignites the debate, exposure to nuclear waste and alternative energy sources to oil.

Do we have to resort to nuclear power to achieve the Kyoto protocol's goals? Many member states have fully thrown themselves into renewable energy, like Holland and Denmark with wind power. According to the energy package, over the next 25 years the electricity sector will need 900 billion Euros in investment to replace production capacity of existing and obsolete infrastructures, and to face up to the growing demand for energy.

Green pages

The Commission submitted its Green Book, with energy policy options to confront climate change plus the international cooperation perspective until 2012, when the Protocol's current emission targets expire. EU priorities are clear: the reduction of greenhouse gases and the increase of renewable energy. They are themes which the Commission announced in November 2006 during the UN Nairobi world climate conference.

This meeting did not produce any results worthy of review, although there was emphasis on a new Kyoto protocol being the only multilateral instrument to respond to the threats of climate change. In 2008 there will be a second review of the protocol, 'Kyoto II'. The energy package has pledged to halve the level of emissions as the figure stood in 1990, by 2050.

The new EU of 27 countries has not focussed on a collective objective to reduce harmful emissions as dictated by the Kyoto protocol. In 2004, the total greenhouse gas emissions in the EU–25 was 7.3 percent lower than the previous year. In the light of new tested methods, in 2010 the emission should be further lowered by 8.1 percent. And if we take into account Kyoto's proposed mechanisms and the 'absorption pits' (plantation fields, whose trees absorb enormous quantities of CO_2), the total reduction of EU–27's emissions could reach 10.8 percent. Nevertheless, Kyoto's objective is to reduce the level of emissions to 20 percent, with 1990's results remaining its reference figure.

To raise awareness amongst young people about this issue, the European Commission has launched a campaign – www.climatechange.eu.com – which allows you to contact students and academics who can discuss the climate change theme in depth.

Energy and climate change 'package' – EU 'energy revolution' does not convince

[EurActiv.com, 23rd January 2007] The Commission's energy and climate change package, presented on 10th January, received a lukewarm welcome in industry and NGO circles. EurActiv provides a comprehensive positions overview.

The Commission adopted its energy and climate change "package" on 10th January 2007. The package consists of nine proposals (with corresponding impact assessments):

A general communication under the title "An Energy Package for Europe";

– a "Renewable Energy Roadmap";

– a progress report on renewable electricity;

– a progress report on bio fuels,

– a prospect report on the internal market for gas and electricity;

– a "Priority interconnection plan";

– a "Nuclear Energy illustrative programme";

– a communication on "sustainable power generation from fossil fuels", and;

– a proposal for a future European Strategic Energy Technology (SET) plan.

The so–called revolution towards a low–carbon economy has one central element: the unilateral commitment by the EU to reduce its greenhouse–gas emissions by 20 percent in 2020 (compared with 1990 levels).

Issues: The long–awaited energy/climate package triggered much immediate reaction from industry federations, NGOs, political groups and think–tanks. In two days, EurActiv received more than 30 different position papers. Most centre largely on the organisation's particular "interests", while none of them seem to make a full evaluation of all Commission proposals.

It is significant that no industry position made any reference to the recent Stern Report, which shows that the long–term benefits of a strong climate–change policy far outweigh the limited short–term mitigation costs.

Positions: Several business organisations (UNICE, Eurochambres) as well as the European Chemicals industry (CEFIC) criticised the Commission's unilateral CO_2 reduction targets for 2020. "Further strong CO_2 reduction targets that have not been adopted by other major emitting nations will weaken the European industry's competitiveness within the global business environment without achieving effective environmental benefits," said a CEFIC press statement.

Employers' organisation UNICE also warned of serious price hikes as a result of the Commission's proposals. "If the contribution of nuclear energy does not increase in the EU in the future," writes UNICE, "the increased demand for renewable energies will be such that their price will skyrocket, making the envisaged EU energy strategy virtually impossible to sustain."

The Commission's intention to continue its energy–market liberalisation, on the other hand, is shared by most industry groups. The Union of the Electricity Industry (Eurelectric) as well as SME lobby UEAPME and the European Federation of Energy Traders (EFET) greeted the drive to complete the internal market. This opinion is not shared by the European Federation of Public Service Unions (EPSU), which calls the package a "PR exercise to justify higher energy bills and disguise failure of liberalisation". ETUC, the European Trade Union Confederation, also considered the "pursuit of electricity and gas market liberalisation to be 'reckless'.

The European electricity industry association Eurelectric is much more critical of the Commission's renewable targets. "The EU should avoid command–and–control measures such as binding energy targets or requirements to use only certain technologies," and questioned the "wisdom and the realism of the proposed dramatic compulsory increase in the share of RES (renewable) in the energy mix by 2020".

Foratom, the nuclear industry lobby, expressed its satisfaction with the Commission's evaluation that "nuclear energy is one of the largest sources of carbon–dioxide free energy in Europe". It did not comment on the fact that the Commission leaves the decision on the future of nuclear in the hands of member states.

The lobbying groups for the renewable energy industry were less impressed. EREC, the European Renewable Energy Council criticised the Commission's "vague measures and ambiguous commitments". EREC Policy Director Oliver Schäfer said: "This energy package is another major step on the Commission's road to becoming the world leader in pure announcements and lip–service. In fact, for renewable it means a re–nationalisation of existing effective European legislation." ESTIF, the European Solar Thermal Industry Federation, complained that the Commission did not put forward a proposal on renewable heating and cooling.

COGEN Europe regretted that the Commission does not give enough weight to co–generation, "the most immediate single source of both energy saving and CO_2 reduction available in Europe today". Cogen Managing Director Fiona Riddoch said: "Cogeneration is a successful available technology providing 10percent of Europe's electricity today. There are no technical doubts, planning unknowns or supply–chain issues; if urgency is key, Europe can act now."

CEPI, the European paper industry association, said that it supported the Commission's integrated view on climate change, energy and industrial competitiveness, describing it as "a big step in the right direction". However, it added that "by focusing solely on setting targets, the current debate on renewable is heading in the wrong direction". "Consideration of the potentially negative impact on ... Europe's forests and its industrial competitiveness are missing," CEPI added.

Environmental NGOs focused on the Commission's climate–change goals.

The European Environmental Bureau (EEB) said that the package "lacks teeth". EEB chief John Hontelez called the EU greenhouse–gas reduction target "unacceptably weak" and the energy policy proposals "unconvincing and potentially even damaging, particularly regarding bio fuels and nuclear power". WWF made similar comments, describing the EU energy revolution as "still a distant dream". Friends of the Earth Europe called the package "good news for the dirty energy industry, bad news for people and the planet".

6. GREEN BUDGET REFORM IN SINGLE EUROPEAN COUNTRIES

European Union energy Policy Data

The 10th January 2007 published a document for the "Commission proposes to integrated energy and climate change package to cut emissions for the 21st Century". In this document is possible to find a summary of the most important information about "Energy" correlated to the single European countries.

Link:
http://ec.europa.eu/energy/energy_policy/doc/02_eu_energy_policy_data_en.pdf

Germany agrees diesel filter tax breaks

[German Federal Minister of Environment, Press Release, 30th November 2006] The Federal Cabinet last night decided (on 29th November 2006) the fiscal promotion of the re–fitting on Diesel passenger car with soot particle filters. "I welcome this decision extraordinarily and appeal to all involved ones to lock the legislative procedure briskly now. It is particularly important that the retroactive promotion was decided starting from 1st January 2006", said the parliamentary state secretary in the Federal Ministry of Environment, Astrid Klug. The reduction of the emission of Diesel soot particles is an important contribution for the decrease of the health load by fine dust in the breathing air, particularly in the city centres.

The law is to step to 1st April 2007 into force. Diesel passenger cars, which are re–tooled by 31st December 2006 for the first time certified and in the time from 1st January 2006 to 31st December 2009 with effective particle reduction technology, are to receive a limited tax exemption in the value from 330 euro. The tax exemption begins in each case with the day, on which the conditions are proven; for re–fitting to 31. March 2007 uniformly on 1 April 2007. The technical requirements of the particle reduction decrease are regulated in the Motor Vehicles Regulations.

Re–tooled passenger cars with diesel engine and first permission by 31st December 2006 as well as new vehicles, which do not keep the future Euro–5–Partikelgrenzwert of 5 mg/km, are not in the time of 1st April 2007 to 31st . March 2011, for four years, with an addition to the motor vehicle tax to be thus taxed. This penalty amounts to 1.20 euro per 100 of cubic centimetres capacity.

The retroactive promotion is not fair only opposite those, which already engaged themselves without national subsidy for the environment. It makes possible also to start briskly with the re–fitting. “I appeal to drivers of Diesel passenger car to driver inside and not to wait up to the spring but at the latest after adoption of the law by Upper House of Parliament and Bundestag with the re–equipment of their vehicles to begin”, intelligent said.

NGO launches a project against Environmental Harmful Subsidies (EHS) in Portugal

[Ricardo Garcia, “Público”, 23rd February 2007. Translation by GBG]. Natural gas pollutes less than coal or crude oil. But in fact the reduced Value Added Tax (VAT) decreases its price (by 5 percent), for the NGO Euronatura, it’s a case of “EHS”. “It lowers the prices of the energy, and rises consume”, affirms Pedro Barata, president of Euronatura.

The subject “EHS” was the main topic of the conference, in Lisbon, of the “Fundação Luso–Americana (FLAD)”. NGOs from Germany, Hungary and Spain presented what they do in their countries. In Germany, it has been discussed since early 1990ies and more intensively from 1999, when “Ecotaxes” were introduced to limit consumption of energy. Especially, the government raised the electricity and the fuels.

An EHS is defined as a “promotion, direct or indirect of the overuse of natural resources” – according to the site of Euronatura (http://www.subsidiosperversos.org/). This site is one of the columns of a big project to combat the subsidies that negatively affect the environment in Portugal. One of the actions will be a discussion about the budget of the state.

Pedro Barata has evaluated what happens in the energy area. to this end he presents some cases of EHS, like the reduced VAT for natural gas and the tax exemption of oil products and of thermoelectric. In the transport sector, the highways without toll gates and the low taxes on the diesel are EHS, too.

Katalina Mauer, one of the coordinators of the project, arguments that the artificial value of the private properties through public investments is an EHS, because it stimulates the proliferation of urbanizations.

A project was then discussed and presented by the left–wing block in the Parliament. The proposal marks that the added value created by administrative acts has to be reverted integrally to the State. If these added value have origin in public works, then half of the value must be use for public issues.

Portugal to green vehicle taxation system

[ENDS Europe DAILY 2265, 19th February 2007] The Portuguese government has approved a new car taxation regime that would charge duty on road vehicles according to environmental impact from July 2007. The plans were first outlined in Portugal's climate change strategy and require both parliamentary and presidential approval to enter force.

Two new taxes, a one–off purchase tax (ISV) and an annual road tax (IUC), would replace the current fragmented vehicle taxation system. The tax level would be partially weighted according engine size and CO_2 emissions. In the first year of the system 30 percent of the tax would be weighted according to emissions; this would rise to 60 percent from July 2008. Diesel vehicles would lose some existing fiscal advantages but the cleanest would be eligible for a E500 rebate.

EU Hails German CO_2 Decision, Coy on Permits

[Reuters News Service, 12th February, 2007]
The European Commission praised Germany on Friday for showing leadership in the fight against climate change after Berlin decided not to challenge a tough EU cap on its carbon dioxide (CO_2) emissions in 2008–2012. Environment Commissioner Stavros Dimas insisted the European Union executive had made no special deal with Berlin to win its acceptance of the reduced pollution limit. "What we shall do for Germany, we shall do for all the other countries. What we apply for other countries, we'll apply for Germany," Dimas told a news conference.

"We are not going to make a special deal with any of the member states."

A Commission spokeswoman said Brussels had indicated informally to Germany that some of its other requests for amendments to its National Allocation Plan for CO_2 emissions permits could be acceptable if it provided further information. She declined to say whether Berlin's key demand, to be allowed to buy up to 20 percent of its greenhouse gas emission credits, was among the acceptable changes.

"The Commission welcomes the German government's strong commitment to a successful EU emissions trading scheme," spokeswoman Barbara Helfferich told a news briefing.

To be successful, the scheme needed to lead to real reductions in CO_2 emissions, she said. "Germany recognises this importance and is showing leadership on climate change."

Helfferich said Berlin had written twice to the Commission proposing amendments to its National Allocation Plan. "We have studied these amendments and we have sent the German authorities a letter indicating informally that some of the amendments could be acceptable upon receipt of further information," she said.

Asked whether Berlin had won its crucial demand to be allowed to buy up to 20 percent of its permits abroad under the Kyoto protocol on fighting global warming, she said: "I will not comment on that." Germany accepted an EU cap of 453.1 million tonnes a year on its CO_2 emissions in the 2008–2012 period, down from the 482 million tonnes it had initially sought last November.

Interview with Angela Merkel

[The Financial Times Ltd, 3rd January 2007]
The FT's Quentin Peel interviewed Angela Merkel on January 3 in Berlin. This is an edited transcript of the interview that regards environmental issues and CO_2 emission.

[…] Q: Do you expect a lively debate at the next national energy summit on a revision of Germany's 2000 decision to phase out nuclear energy?

A: No, the positions inside the coalition are already well known. The CDU and CSU are against any premature phasing out (of nuclear power). The SPD has made its own decision regarding nuclear energy and I have no reason to believe it will change that in the near future. This is why it makes very little sense to talk about it every day.

Q: Several producers are nonetheless trying to force through a decision by soliciting the authorisation to transfer production from young to older power stations. Will the government decide jointly on this?

A: The procedure in this respect is very clearly defined. The environment minister makes the decision after consulting with other ministries. We have clear rules in this respect and these will not be changed. We must remind the electricity generators that they, too, agreed to the nuclear phase–out at the time, even though it was not an entirely independent decision. All participants must now live with this agreement and the resulting consequences. I would not support a nuclear phase–out now as long as German nuclear power stations are running well. But it does not look as if the SPD will change its mind on this.

Q: How can the Kyoto emission targets be reached if nuclear energy is no longer an option?

A: It is not the case that the achievement of the Kyoto targets is dependent on nuclear energy alone, and that we will miss these targets if we reduce our output of nuclear energy. Electricity only accounts for a third of our primary energy consumption and only 30 percent of this electricity comes from nuclear power. But clearly if we phase out nuclear energy, we must reduce CO_2 emissions more elsewhere. Germany has already achieved the biggest part of its goal to cut CO_2 emissions by 21 percent.

There are many member states in the EU that need no nuclear energy in order to reach their Kyoto targets. Denmark, for instance, has a lot of wind energy. And every energy source has its disadvantages: let's be honest, the question of nuclear waste treatment has yet to be resolved. Relying on gas creates a situation of strategic dependence, unless you are Norway. Germany has a great deal of brown coal, but it produces a lot of CO_2 emissions. All this points in one direction, which is that of energy efficiency, that is an economical approach to energy consumption through advanced technologies, and a balanced energy mix.

Q: You want to talk to the US about the time beyond Kyoto, that is beyond 2012. Could it be that in the future we take completely different paths?

A: No. Our initial goal is for the EU to develop a joint negotiating mandate, which we could perhaps put on the table at the G8 summit in June. The instrument of CO_2 emission certificates will certainly play a role there. In fact, some US states are already using them. I think certificates are very efficient and precise instruments.

But the really critical question for the long term is how to deal with the issue in fast–developing countries such as China and India. Europe will fulfil meet its targets, but even if Europe were to cut its CO_2 emissions to zero, this would still fail to prevent a rise in temperature of at least two degrees, if everyone else does not show more sensitivity to climate protection. We must persuade these fast–developing countries to accept a decoupling of growth and CO_2 emissions.

This does not mean that their emissions cannot increase at all – this would be unachievable in

their development phase. We don't need emission–reduction targets for these countries, but we need decoupling targets. […]

France to generate JI emission credits

[ENDS Europe DAILY 2223, 11th December 2006] France has launched a plan to generate carbon credits under the Kyoto protocol's joint implementation (JI) scheme for sale on the international market. The scheme will help create incentives for emission reductions outside the EU emission trading scheme, the finance ministry said last week.

JI enables emission reduction projects in industrialised countries to generate credits. In practice virtually all JI projects are in ex–Soviet countries. France is the first EU–15 member state to exploit the scheme, though New Zealand and Canada have similar systems.

The finance ministry estimates the potential for greenhouse gas emission reductions through domestic JI projects at up to 15m tonnes of CO_2–equivalent. Methane capture in pig farms and boilers fuelled by renewable energy in buildings are among the initiatives it wants to encourage.

State–owned institutional investor the Caisse des dépôts et consignations has already committed to buy 1m tonnes–worth of emission reductions from these projects between the period 2008–2012.

According to an official, the scheme will benefit the French economy as a whole because domestic JI projects will have much lower abatement costs than the investments that energy–intensive industries in the EU ETS have to make.

Senate approves CO_2 tax plan

[Swissinfo. 14th December 2006] Going global: Swiss President Moritz Leuenberger recently called for a global CO_2 tax (Keystone).

A controversial tax on CO_2 emissions, which is aimed at helping Switzerland reach its Kyoto Protocol target, has been approved by parliament. But on 14th December the Senate opted for a more moderate levy than the government's proposal. Reducing levels of harmful carbon dioxide emissions is an integral part of Swiss climate policy. The government has adopted the Kyoto Protocol on reducing greenhouse gases, as well as a tough CO_2 law. The law stipulates that there should be a maximum levy of SFr210 ($174) per ton of CO_2. The government wanted to introduce a flat rate of SFr35 per ton (nine centimes per litre of heating oil, and seven centimes per litre of natural gas).

But the Senate has followed the House of Representatives in deciding that the tax should come into force in stages and be dependent on pollution levels. This would mean that from 2009 heating oil would be taxed by six centimes per litre and from 2010 by nine centimes per litre. It would be introduced if greenhouse emissions were not reduced by other means.

Obligations

"Switzerland can only fulfil its Kyoto Protocol obligations by using the House of Representatives model," said senator Simonetta Sommaruga during the debate. The Senate rejected a third proposal concerning CO_2 in which the tax rate would depend on the price of heating oil.

Annual proceeds of the tax, estimated at over SFr600 million, are supposed to be redistributed to families and the economy through the benefit system. The Swiss Property Owners Association said the decision lacked credibility and that heating oil users were being discriminated against. The association's director Ansgar Gmür added that motor traffic, the biggest user of fossil fuels, was being protected. The levy follows on from the so–called "climate cent", a legally non–binding charge already levied on petrol and diesel imports at a rate of 1.5 centimes per litre. The Swiss have long been proponents of the CO_2 tax idea. Swiss President Moritz Leuenberger called for a global CO_2 tax while at the recent international climate conference in Nairobi, Kenya.

EasyJet supports UK`s environment minister for EU emission trading scheme

[Vicky Karantzavelou, www.traveldailynews.com, 8th January 2007] The United Kingdom`s Environment Minister Ian Pearson criticised a number of airlines for not taking carbon emissions seriously enough and for stalling progress on the inclusion of aviation into the EU Emission Trading Scheme. Among the airlines criticised by Mr Pearson were the big American operators that are opposed to the inclusion of intercontinental flights, as proposed by the European Union. Ryanair, British Airways and Lufthansa were also under the spotlight for their rather lukewarm response to the proposed Emission Trading Scheme.

Andy Harrison, easyJet Chief Executive, gives the following comments: “We congratulate Mr Pearson for his clear words and for refraining from lumping all airlines together. In contrast to most other airlines, easyJet has not only welcomed a carbon trading scheme, but has also called on the European Parliament to bring in tougher legislation sooner.”

“The EU must discourage airlines from flying old, half–empty aircraft and must prevent non–EU airlines from getting a free ride. That is why easyJet wants to see an Emission Trading Scheme that includes all flights in and out of Europe, and we want to see it as soon as possible. easyJet flies brand new aircraft with high passenger loads which mean that we emit 30 percent fewer emissions per passenger kilometre than a traditional airline," he added.

"But the Government must rise to the challenge as well. The EU Emissions Trading Scheme is the right way for aviation to balance its huge economic and social benefits with its environmental impact – rather than national governments imposing ineffective, inefficient taxes, such as UK Air Passenger Duty, to give the impression they are doing something. To make aviation more efficient, we urge EU governments to finally agree on a reform of Europe's inefficient Air Traffic Control system and to stop all state aid given to ailing national carriers," Harrison concluded.

David Miliband welcomes Pre–Budget Report environment measures

[DEFRA News, 6th December 2006] The Chancellor today announced a package of environmental measures to tackle climate change as part of his Pre–Budget Report.

Following the announcement, Secretary of State for the Environment, David Miliband said:

"The UK is widely recognised for its domestic and international commitment to the battle against climate change. The Stern Report has changed the terms of debate about the economy of climate change, and the centrality of emissions reduction through the pricing of environmental damage is central to the Eddington and Barker review. The Pre–Budget Report contains important measures on the international and domestic front consistent with the Government's belief that every part of the economy and society must play its part in the battle against climate change.

"I look forward to further work in the months ahead within Government and with business, Local Government and the voluntary sector to maximise the environmental benefit of today's measures." […]

Link to the complete article:

http://www.defra.gov.uk/news/2006/061206a.htm

Greens enter new Czech government

[Green Budget Germany, 23rd January 2007] Seven months after the elections, the Czech Republic has a new coalition government of Liberals, Christian Democrats, and Greens. The Greens have four cabinet portfolios, including environment. The new environment minister is Green Budget Germany Advisory Board Member Martin Bursik – his second stint in the job after serving as a Free Democrat for a few months in 1998. The Greens agreed not to push for closure of the controversial Temelin nuclear power station. However, they did secure a halt to any extensions, the European Green party said.

Congratulations to the Czech Greens for government participation

[Ulrike Lunacek, www.gruene.at, 10th January 2006] "I would like to express our heartfelt congratulations to the Czech Greens on entering government and especially for having negotiated significant Green achievements in the coalition agreement: – stopping the planning and building of extensions to the nuclear power station Temelin," said Ulrike Lunacek, Co–Spokesperson of the European Green Party.

Philippe Lamberts, EGP–Co–Spokesperson, welcomed that the Greens led by Martin Bursik were able to negotiate and secure a pro–European government agenda with their government coalition partner ODS, known for a conservative and skeptical view on the European integration.

"We are also happy that the Czech Greens have been able to make a strong input in the struggle against poverty," Lamberts said. "The EGP hopes the newly nominated government will find the necessary support in the Czech parliament in order to be able to implement the program agreed upon, and that the four Green ministers will be successful (Environment, Education, Human Rights and Minorities and Foreign Affairs), " Lamberts concludes.

New environmental tax will see coal prices rise by ten percent

[Dita Asiedu, Radio Praha, 12th February 2007] In January 2008, to be in accordance with an EU directive on taxation on energies, the Czech government will implement the first of two phases of an environmental tax reform plan. The use of environmentally damaging forms of energy will be taxed in an effort to make individuals and companies more eco–friendly. Next year, coal prices will rise by an estimated ten percent. But with a significant number of Czechs – especially pensioners – using coal in their households, what are the economic and environmental implications of this move? Dita Asiedu spoke to Environment Minister and Green Party leader Martin Bursik:

"The income that is raised out of this taxation is being returned to the economy by lowering the social payments. That means that the environment is protected using the economical instruments and at the same time the labour costs are lowered as part of our active policy against unemployment. Our concept of the environmental tax reform is divided into two phases. The first introduces the minimum tax as stated in the EU directive and the second will see a CO_2 tax from 2010. Besides this tax reform we will prepare special programmes to support the exchange of sources of heating such as coal with more environmentally friendly forms like solar heating panels, geothermal, or bio–mass pallets or wood chips and others."

Many Czechs, especially pensioners and households in the rural areas still use coal. Will these alternative sources of energy be accessible to them?

"There are about 450,000 households that use brown coal for heating. We are aware of the fact that the majority of them are not prepared to invest in the exchange of technology. With the use of European funds we want to prepare special programmes that will help households change the technologies of coal–based units into the more environmentally friendly ones. So this would entail a fifty percent subsidy and then a special loan that we will negotiate with commercial banks. We would like to have this achieved in a period of five years."

If coal prices increase by ten percent in 2008, people won't switch to other forms of energy that they also can't afford but will rather dump any kind of waste they can find into their furnaces.

"The thing is that by the time there will be no use of coal for local heating, as is the case in Ireland or in Germany, then it will be much easier to control the kind of smoke that comes out of a chimney. Then, it would be clear that any dark smoke means something illegal is being burned in the household."

Councils back CO_2 parking permit scheme

[Peter Law, The Local London, 24th January 2007] TWO north London boroughs are set to link the cost of residents' parking permits to car CO_2 emissions. In a UK first, drivers of gas guzzling four–wheel–drives would have to pay far more to park outside their homes. The changes were given the go–ahead by Camden and Haringey councils last night.

Richmond, Tower Hamlets and Lambeth councils, all in London, have said they plan to introduce similar schemes. In Camden, drivers of electric cars will be given parking permits free of charge and will also be given free short–stay parking in pay and display bays.

The council also announced a trial of a number on–street re–charging points for electric cars. The charging bays will be installed south of Euston Road by March 2008 and will be available for drivers to share and use for a limited time. Cllr Mike Greene said that under the new permit plan, which could be introduced by the end of May, the majority of Camden residents would actually be paying less.

"We want to encourage residents to take alternative transport to help tackle CO_2 emissions, but when people do need to drive this offers them an incentive to switch to lower emission and electric cars if possible," he said. The council estimates that about four out of 10 residents could pay more for their permit. Drivers of the lowest tariff cars would pay 22 percent less than the current cost of £90 for an annual permit. Owners of the highest emitting vehicles would pay 61 percent more.

In Haringey, the sliding scale will halve the cost of permits for owners of energy efficient cars, while owners of high–polluting vehicles will pay almost four times as they do currently. A permit for a Smart car will be just £15, while the owner of a Ford Mondeo or Range Rover will pay £90.

The cost of a second permit will also rise substantially in a bid to deter residents from buying multiple cars. Cllr Brian Haley said the number of cars in Haringey increases every year.

"We know some people will be delighted with this policy, while others will respond with anger or scepticism," he said. "But we firmly believe it is right that we should actively tackle global warming at a local level, and if this new charging policy makes residents think twice before purchasing a 4x4 or a second vehicle for their household, then it will have served its purpose."

Haringey will now begin a 21st day consultation with residents, with a view to implement the scheme in April.

Good and Bad News About Transport Issues in Hungary

[http://www.levego.hu/, 12th February 2007] In 2007 the Hungarian government will almost fully compensate Hungarian Railways for the passenger transport services it orders from the railways and which are not covered by the revenues from the tickets. This is a complete change of the more than 20–year–old practice during which the government never paid the full costs of the services which it ordered. Instead, it forced the railways to try to finance its losses on passenger transport from the profits of its freight transport. This practice lead to the rapid deterioration of both passenger and freight services.

According to reliable sources, the sudden change came as a result of serious pressure from the European Commission. The latter started to act on the basis of a complaint from the Clean Air Action Group (CAAG), pointing out that the Hungarian government's relation to Hungarian Railways violates the European Union's legislation.

The correspondence between CAAG and the European Commission can be found here:

http://www.levego.hu/kiadvany/kozl_alt/01–dg–trenpercent20vasut05v.pdf

http://www.levego.hu/kiadvany/kozl_alt/02–lamoureux–tol0507.pdf

http://www.levego.hu/kiadvany/kozl_alt/04–lamoureuxpercent20reply0510.pdf

http://www.levego.hu/kiadvany/kozl_alt/05–lamoureuxpercent20reply051116b.pdf

http://www.levego.hu/kiadvany/kozl_alt/06–ruete–railways0608v.pdf

CAAG welcomes the move of the Hungarian government, but at the same time warns that the sum provided for 2007 is enough only to continue the operation of the railways, but does not make it possible to at least start the renewals and developments which have been missed during the last 20 years and which rendered the railways highly uncompetitive. There is also some other, less good news: the government has decided to close 14 branch lines in March 2007, and it will raise the prices of railway tickets this year by 40 percent...

Km–fees for HGVs to be introduced

Following a nationwide campaign by the Clean Air Action Group (CAAG) demanding km–fees for heavy trucks (see: http://www.levego.hu/kamionstop/eng/indexe.html), the Hungarian government has announced that it will introduce such fees in 2008. However, no decision has been made regarding which roads the fees will be introduced on, and how high these fees will be. Initially, the government is planning to levy a low fee, only applicable on motorways.

CAAG is urging the government to introduce the fee on all roads (similar to the system in Switzerland) and to gradually make the operators of heavy goods vehicles (HGVs) pay for all the costs they cause. In December 2006, CAAG organized, together with the two main parliamentary parties, a successful conference on the topic. For more information, see : http://www.levego.hu/kamionstop/eng/conferenceonheavytruck.pdf.

EU aid to roads would violate the acquis?

The Hungarian government is asking for enormous sums of aid from the European Union for road and air transport in the framework of the National Development Reference Framework for the years 2007–2013. CAAG has sent a letter to the European Commission, warning that such aid might be contrary to the market principles and the polluter pays principle as laid down in the Treaty establishing the European Community. See:

http://www.levego.hu/letoltes/english/to_eu–commission_about_transport.pdf

Slovakia sues Commission over emissions cap

[EurActive.com, 8th February 2007] The Slovak government argues that the EU has no competence to dictate how national CO_2 quotas are calculated and that the Commission decision does not reflect the country's high economic growth.

The Slovak government lodged a complaint on 7th February 2007 against a Commission decision to reduce the country's emissions quotas, arguing that the EU has no competence to dictate how national quotas are calculated – normally a member state privilege.

In its National Allocation Plan, Slovakia had demanded an emission limit of 41.1 million tonnes of CO_2 per year. However, the Commission reduced this to 30.9 million tonnes, provoking strong reactions from Slovak business, particularly from emission–intensive sectors such as metallurgy and energy.

The complaint also argues that the calculation was not discussed with Bratislava and does not reflect "a number of important issues", such as high economic growth and the phasing out of the Jaslovske Bohunice nuclear power plant, which would increase the quota.

According to Bratislava, the Commission's limit would endanger Slovakia's economic growth and employment, as it would affect 200 local businesses. Germany is contemplating to lodge a similar complaint after its plan was rejected by the Commission in November.

However, the Commission has not reacted thus far. Earlier, on 24th January, it had stated that the emission quotas are definite.

"The Emission Trading Scheme is not a bazaar. It's a market. There are clear rules and all rules apply to everybody in the same way," said Commission spokeswoman Barbara Helfferich.

In recent months, the European institutions have frequently underlined the need to cut greenhouse–gas emissions. The call to fight global warming is supported by number of scientific reports – however, the success of the EU's climate policy will largely depend on member states' willingness to participate.

Green sinners, get your indulgences here

[Camilla Cavendish, The Times, 18th January 2007] There's rampant green one–upmanship

at my school gate. One mother confides her struggle to stretch an electric cable through the window to plug in her G–Whiz car to the mains, revealing in one stroke that she has both the cash to own a second car and the conscience to make it electric. But she is trumped by another who is "offsetting" all her family holidays, forever. Cue awed silence. In 2007 class snobbery has given way to competitive eco–atonement.

This is the year in which we will grapple with myriad schemes offering green redemption. We will find that some are not quite what they seem.

Did Mrs Offset know how her money was being spent to compensate for the carbon dioxide generated by her flights? Was she planting trees to absorb the CO_2, or helping to reduce someone else's emissions? She didn't know. The act of writing the cheque was enough to absolve her guilt. Carbon offsetting is easily portrayed as the 21st–century equivalent of the papal indulgences sold in the 16th century by the Catholic Church. Then, you could wash away whatever sins you had committed by handing over a commensurate amount of lolly. Now you can chuck £10 at lastminute.com to offset your trip to NY, or give £5.85 to Carbon Clear to offset two and a half years of disposable nappies. I bet indulgences didn't come that cheap. But the risk is the same: that by paying up we will feel free to keep on sinning.

Redemption is elusive. Planting trees turns out to be fraught with difficulty, mainly because the amount of carbon that a tree can absorb depends on its age and on the soil. If you could be sure that you were planting a tree where there had never been one before, where the soil carbon was depleted as a result, and if you could be sure that it would be permanent, you could rest easy. But this is rare. Trees can also burn down, releasing all that nasty carbon dioxide, like the mango plantation planted in India by the band Coldplay. They were hanging out in the Learjet, thinking their world tours were "neutralised", when all they had neutralised was their halo.

We can't plant our way out of climate change, because we would need to plant a forest bigger than Dorset each year to equalise Britain's annual CO_2 emissions. So attention is turning to renewable energy. You can buy offsets that help to build biogas digesters in India, install hydroelectric power in Bulgaria or distribute energy–efficient light bulbs in Jamaica. Helping other people to use cleaner energy supplies is eminently sensible. But, like all foreign aid, it is hard to verify some of these small projects, whether they would have happened anyway, and whether they actually increase energy demand.

The Government is working on a benchmark of quality. But for most of us, the only way to be sure we have permanently removed a ton of carbon from the atmosphere is to turn down the thermostat or drive less or buy some solar panels. That is harder work than writing a cheque, but it is real.

This is not to say that offsetting is pointless. On the contrary, it provides an enormously important way to help individuals to measure their environmental impact. It also offers a powerful tool to employees who want to make their companies more responsible. Once offsets appear as a cost on the balance sheet, it is harder for the finance director to ignore climate change.

M&S, which announced this week its intention to go carbon neutral, was right to emphasise that offsetting must be a last resort, not a panacea. Its priority is to squeeze every last drop of carbon out of its supply chain. If you accept the recommendations of the Stern review, which are in line with mainstream science, it is impossible to believe that the drastic cuts in carbon emissions it calls for can be made without some fairly drastic changes in national behaviour. All government departments now offset emissions. But walk down any street in Whitehall at night and most still have their lights on.

What most environmentalists have dismissed as “blood money” is also a dramatic demonstration of conscience. Offsetting is something that individuals feel they can do while they wait and wait for government to take a lead. About 1.5 million Britons offset flights last year, a figure that will grow as more schemes become available. About 10 percent of lastminute.com’s customers are using its offset. That is a substantial figure for a brand new scheme that is entirely voluntary and based on a concept that is hard to grasp. This should give timid politicians pause for thought. For it is a rough indication of how much people value the planet that they are prepared to write cheques to organisations they have never heard of, with so little idea of what they do.

A charity called Pure has added a new twist by buying up the pollution credits that are traded on emissions exchanges. It then “retires” them from the market. If enough credits are retired — and it would have to be an awful lot — this would eventually raise the price of carbon. This in turn would put more pressure on polluters to clean up their act.

The idea is brilliant. But it is also flawed. Pure has been invented because most of Europe’s governments have handed out too many carbon credits to polluting companies. The French are still embarrassed to disclose how many they gave. The problem is political. We can all donate to Pure, to buy up credits. But unless governments also ratchet up the pressure, we are nowhere.

2007 is set to be the year of green conscience. It must not also become the year of disillusion. Mrs Offset will not save the planet. But her cheque is a call on government to get it right.

7. GREEN BUDGET REFORM WORLDWIDE

Global Warming Debate Over, Time to Act Now

[Surfersvillage Global Surf News, 28th February, 2007] Declaring the global warming debate over, an international team of scientists urged the world's nations on Tuesday to act now to keep climate change from becoming a catastrophe.

The international community needs to take stronger steps to cut the pace of global warming, adapt to the climate changes that have already taken place and ensure development can be sustained throughout the process, the scientists said in a report released at the United Nations.

"We make the argument that it is essential that we get started now: not next year, not next decade, but now," said John Holdren, a professor of environmental policy at Harvard University and member of the scientific panel that crafted the report. This report is a logical next step after the Feb. 2nd release of a much–heralded document by the Intergovernmental Panel on Climate Change in Paris, which stated that global warming is real and human activities caused much of it over the past half–century.

The earlier report was prohibited from making policy recommendations; the current one, funded by the non–profit UN Foundation and Sigma Xi scientific society, centres on just such recommendations. And while the recommendations are global, certain specific items are sure to affect the United States, Holdren said in a telephone interview before the report's formal release.

For example, scientists said no country should build any traditional coal–burning power plants — big emitters of the greenhouse gas carbon dioxide — unless they are designed to be able to capture and bury the carbon dioxide they emit. The United States, which emits about 25 percent of the world's carbon dioxide, relies heavily on coal–fired power plants.

More Efficient Energy

One recommendation urges improved energy efficiency for vehicles, homes, commercial buildings and in industry, to save money, cut dependence on oil and reduces the balance of payments to pay for oil imports. Biofuels, such as the ethanol advocated by the Bush administration, should increasingly replace oil in transport, the report said.

In the tropics, the international community should aim to slow and eventually reverse deforestation, a major source of greenhouse gas emissions, Holdren said. Global investment in advanced energy technology should be tripled or quadrupled, the report said. This and the other recommendations are aimed at cutting global warming but also providing economic opportunity and new jobs, he said.

The report stressed the reality of the global warming problem now, and noted the inadequate response to the stronger storms, worse droughts and heat waves and more severe wildfires that are a consequence of higher world temperatures.

"We need to make greater investment in the capacity of the world to deal with those sorts of extreme events, not only because climate is changing, making those events ever more frequent, but because the suffering already associated with our inadequate responses to those needs to be corrected," Holdren said.

The scientists considered nuclear power as a carbon–free option, but said this energy source must address the problem of disposal of radioactive waste and break the link between nuclear technology and weapons proliferation. On Capitol Hill, House Speaker Nancy Pelosi said late on Monday she hoped to see a "substantial package" of global warming legislation by June 1st.

UPDATE 2–Western states united to bypass Bush on climate

[Timothy Gardner, Reuters, 26th February 2007] Five Western U.S. states have formed the latest regional pact to bypass the Bush administration to cut emissions linked to global warming through market mechanisms.

The Western Regional Climate Action Initiative requires Oregon, California, Washington, New Mexico and Arizona to develop a regional target in six months for reducing greenhouse emissions according to statements from the states' governors.

During the next 18 months, the states will devise a market–based plan, such as a load–based cap–and–trade program, to reach the target. They also have agreed to participate in a multi–state registry to track and manage greenhouse gas emissions in their region.

More politicians and corporations have been pressuring the federal government to join most of the world's other developed countries in regulating the gases most scientists blame for global warming.

Several eastern U.S. states have signed a similar agreement called the Regional Greenhouse Gas Initiative. Utility TXU Corp. (TXU.N: Quote, Profile, Research) on Monday scrapped plans to build eight of 11 new coal–fired power units in Texas as part of a buyout by private equity firms.

Bicoastal regional greenhouse pacts could force U.S. smokestack and transportation businesses to lobby more intensely for a national greenhouse plan, rather than face patchwork local regulations, said Jeremiah Baumann, an advocate with the Oregon State Public Interest Research Group.

"With the Western states you've got a huge part of the U.S. economy ... beginning to regulate greenhouse gases, that should send a message to business that national regulations are coming" Baumann, said.

California Gov. Arnold Schwarzenegger recently passed the country's toughest greenhouse emissions laws which aim to reduce state output of the gases by 25 percent by 2020. The regional agreement "shows the power of the states to lead our nation" and "sets the stage for a regional cap–and–trade program, which will provide a powerful framework for developing a national cap and trade program," Schwarzenegger said in a statement.

The other states in the Western pact also have passed greenhouse gas reduction initiatives. The regional deal would allow the states to use market mechanisms more efficiently to reduce output of the gases, said Baumann.

The United States initiated cap–and–trade programs on pollutants such as acid rain components in the early 1990s. In such markets for greenhouse gases, companies can offset their emissions by investing in clean projects like solar and wind power, or earn credits they can sell for cutting emissions at their factories.

In 2005, the European Union formed a cap–and–trade program to meet its countries' obligations under the Kyoto Protocol. Unlike developed countries that ratified Kyoto, the United States does not regulate carbon dioxide or other greenhouse gases. President George W. Bush withdrew the country from Kyoto early in his first term. Like California's laws, the Western pact seeks to regulate imports of electricity from dirty coal–burning power plants from surrounding states outside of the agreement.

The seven states in the eastern regional pact, which include New York and Massachusetts, aim to cut carbon dioxide emissions at power plants by 10 percent by 2019.

Africa: Climate, Graft Top Davos Talks

[The East African, 6th February, 2007] The World Economic Forum (WEF) annual meeting concluded in Davos, Switzerland in the last week of January with climate change firmly at centre stage of the debate.

In 17 sessions related to global warming, the WEF gathered the world's top academics, business leaders, non–governmental organisation representatives, UN agency chiefs, politicians and many others in order to advance the discussion and explore practical opportunities for progress through partnership. The meeting clearly illustrated the deepening commitment of business to engage other groups in addressing this issue.

Following are examples of some of the concrete developments from this year's meeting:

The formation of a new international partnership of seven organisations to establish a generally accepted framework for climate risk–related reporting by corporations. Founding members of the institutional consortium, the Climate Disclosure Standards Board, include the California Climate Action Registry, Carbon Disclosure Project, Ceres, The Climate Group, International Emissions Trading Association, World Economic Forum Global Greenhouse Gas Register and World Resources Institute.

The disclosure board member organisations have agreed to align their core requests for information from companies in order to ensure that they report climate change–related information in a standardised way that facilitates easier comparative analysis by investors, managers and the public.

The establishment of a joint Israeli–Palestinian business council. Founding members formulated their mission as encouraging and facilitating constructive co–operation between Israeli and Palestinian business leaders to reinforce economic relationships and help peace building efforts by a credible and legitimate voice. The Council will bring together some 200 Palestinian and Israeli chief executive officers and plans to hold its first assembly during the World Economic Forum on the Middle East at the Dead Sea in Jordan on May 18–20.

An alliance of leading companies was announced with the objective to bring power to villages in sub–Saharan Africa. The Lesotho government signed a memorandum of understanding with the Alliance Partners for a first project to deliver energy to a rural village in Lesotho.

The heads of the Big Four accounting firms (Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers) agreed to work with the WEF Partnering Against Corruption Initiative (PACI) to support the global fight against corruption. Together, they will explore the development of a framework for companies to benefit from independent reviews of their anti–bribery programmes.

The presidents of the World Bank, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the executive director of the international Finance Corporation reaffirmed their support for the anti–corruption initiative and recognised the important role the private sector plays in guiding policy and assisting governments in reducing the vice.

The WEF and the Reinventing Bretton Woods Committee issued the final report of a two–year, public–private review of the international monetary system in co–operation with the Group of 20 governments. Titled The International Monetary System, the IMF and the G20: A Great Transformation in the Making, the report concludes that a critical mass of governments appears ready to try to adapt international financial institutions to a world characterised by increasingly large cross–border private capital flows, wider geographic distribution of economic activity and deepened regional macroeconomic and international trade policy coordination.

New data released at Davos from the World Health Organisation showed that the GAVI Alliance, a ground–breaking global initiative to increase access to children's vaccines, originally launched in Davos in 2000, has brought immunisation rates to record highs in poor countries.

"These projects may range in scope and ambition from the local to the global, but they are all examples of the growing interest of companies to work in partnership with governmental or civil society organisations to advance progress on critical challenges.

Multi–stakeholder alliances such as these illustrate an important aspect of 'the shifting power equation' that was the theme of Davos 2007," said Rick Samans, managing director of the World Economic Forum.

Oscars for Al Gore Global Warming Film

[Gary Gentile, Associated Press Writer, 26th February 2007] – Former vice president Al Gore used the success of his documentary, ``An Inconvenient Truth'' to expand his efforts to educate people about global warming – and to tell a few jokes.

The film turned Gore's road show about climate change into a film that won Academy Awards for best documentary and best song. Gore also teased a bit Sunday night about his plans to possibly make another presidential run, although backstage, he said he was not a candidate.

The win was a triumph for Gore, who has kept a sense of humour about the 2000 election, where he won the popular vote, but lost the election to George W. Bush. ``My fellow Americans,'' Gore said Sunday. ``People all over the world, we need to solve the climate crisis. It's not a political issue, it's a moral issue. We have everything we need to get started with the possible will to act. That's a renewable resource. Let's renew it.''

Earlier in the evening, Gore and Leonardo DiCaprio took the stage to unveil a series of efforts the Academy of Motion Picture Arts and Sciences took to make this year's awards more environmentally friendly. Pressed by DiCaprio about any other major announcement he might like to make, the former vice president pulled out a statement.

``My fellow Americans, I'm going to take this opportunity right here and now, to formally announce my intentions to ..." Gore said before the orchestra broke in and he walked off, laughing arm–in–arm with DiCaprio.

Backstage, Gore put speculation to rest, saying ``I do not have plans to become a candidate for office again." Instead, Gore said he was dedicating all his efforts to pressuring governments to act on climate–crisis issues.

``It is the overriding world challenge of our time," Gore said.

``I really hope the decision by the academy to honour the work by director Davis Guggenheim and these producers will convince people who did not go see it before to see the movie and learn about the climate crisis and become a part of the solution."

Guggenheim also thanked Gore for inspiring his film.

``All of us were inspired by his fight for 30 years to tell this truth to all of us," Guggenheim said.

The win was especially pleasing to Gore because it came during a year when the academy had taken steps to save energy and preserve the environment.

Oscar ballots were made from partially recycled paper and organic produce was served at the Governor's Ball. The academy joined with the Natural Resources Defense Council to reduce energy usage and increase recycling.

``For the first time in the history of the Oscars, this show has officially gone green," DiCaprio said.

Other initiatives included rides for presenters and stars in hybrid vehicles. The academy said it had explored hydrogen–powered fuel cell buses to transport crew and other workers, but did not have enough time to do it this year.

Meals for the hundreds of crew and cast members were served on reusable plates and biodegradable dishware. Food left over from the post Oscars Governor's Ball was to be donated to a local shelter.

Kyoto Gets a Slap in the Face from Canada

[Stephen Leahy, Inter Press Services News Agency, 9th December 2006] Much to the surprise of most Canadians and the world community, Canada is reneging on its international commitments under the 1997 Kyoto Protocol, which could weaken an international agreement to fight climate change after Kyoto expires in 2012. Canadian Prime Minister Stephen Harper, elected early this year, and the new environment minister, Rona Ambrose, have dismissed Canada's Kyoto commitments for reducing greenhouse gases as impossible to achieve.

They have also cancelled a five–million–dollar pledge to help least developed countries adapt to the impacts of climate change and have withdrawn Canada's participation and funding of the Kyoto Clean Development Mechanism (CDM).

"That's totally irresponsible... It's a slap in the face to the people of small island states and Inuit people of the North," said Enele Sopoaga, permanent representative of Tuvalu to the United Nations. His small island country in the South Pacific is experiencing flooding due to rising sea levels.

"I am extremely frustrated by the double standards of industrialised nations. Canada criticises other countries about their human rights policies or about the death penalty while they are playing with the lives of island people and the Inuit," Sopoaga said in a Tierramérica interview.
In an unusual move, Achim Steiner, executive director of the United Nations Environment Programme chastised Canada in the news media.

Appealing to the Canadian business sector, Steiner said that backing away from Kyoto would harm the country's economy, and business would be left out of the international greenhouse gas emissions trading system that may be worth 100 billion dollars by 2016.

Ironically, Canada had been a champion of the 1997 Kyoto Protocol to the UN Framework Convention on Climate Change to reduce emissions that contribute to the atmospheric greenhouse effect. Under Kyoto, 35 industrialised nations, including Canada, are obligated to reduce their emissions by 5.2 percent below 1990 levels by 2008–2012.

But Canada's emissions have risen 30 percent since 1990, mainly due to a booming oil and natural gas sector. By comparison, U.S. emissions rose 16 percent in the same period.

At the recent XII UN Conference on Climate Change, in Nairobi, Environment Minister Rona Ambrose publicly blamed the previous Canadian government for inaction on the matter.
Ambrose was widely criticised for that statement. Sopoaga says such attitudes undermine the basis for international cooperation: "You can't have a group of cowards come into power and say we're not going to keep international commitments made by a previous government."
Canadians widely support the Kyoto Protocol and want action on climate change. A public opinion poll taken Nov. 10–16 by Ipsos Reid found that Canadians place climate change as a top issue of concern, more important than jobs, the economy or healthcare.

"The climate change issue could bring down the government, (which) is not listening to the people," Johanna Whitmore, of the Pembina Institute, a Canadian environmental group, told Tierramérica.

In fact, most Canadians did not vote for Harper. Canada's multi–party system allowed the Conservative Party to win with just 36 percent of the popular vote. As a result, the Harper administration needs the cooperation of at least one other party to stay in power.

Canada's oil, coal and gas sector is making the country rich. That sector is responsible for much of the increase in emissions, and the previous and current governments are reluctant to do anything that might slow the energy boom.

As an alternative to Kyoto, the Harper government's "Made–in–Canada climate plan", announced last month, set a goal of cutting emissions of greenhouse gases 45 to 65 percent below 2003 levels by 2050. Such a long–term goal allows the current government to postpone action on climate change indefinitely, says Whitmore.

Unfortunately the Kyoto agreement doesn't have any financial penalties for failing to meet the emissions reduction target. All that happens is that countries have to make up for their shortfall plus an additional 1.3 percent penalty in the next reduction commitment period of 2013 to 2018.

In fact, the Harper government has cut funding for environmental programmes designed to reduce Canada's greenhouse gas emissions.

"By its actions, Canada's government shows that it doesn't think climate change is a real issue," Whitmore said. Canada's Inuit people, who live in the far north and Arctic areas, know it's a real issue. "We see signs every day up here. It's quite obvious," said Duane Smith, president of the Inuit Circumpolar Council – Canada, from Inuvik, a small town 200 km. north of the Arctic Circle.

"Winter starts later and leaves sooner, there are changes in the sea and river ice, we get more snow — and its affecting all the wildlife," Smith told Tierramérica.

Scientists have also documented a wide range of changes due to climate change. Neither Harper nor Ambrose have visited Canada's far north to see the impacts first hand, according to Smith.
"I believe very strongly that Canadians want more aggressive action on the issue," he added.

Canada Liberals vow to go green, balance budget

[Janet Guttsman, Reuters, 16th January 2007]
Canada's main opposition party promised on 16th January to balance the budget and pay down debt if it regains power, and said developing the technology needed to curb global warming could bring Canada big economic gains.

In a keynote speech to business leaders in Toronto, new Liberal Party leader Stephane Dion said a prosperous economy, social justice and a sustainable environment were his three main priorities.

He said the Liberals, who lost power to the Conservatives in a federal election last year, would not abandon the tough fiscal principles that brought their governments economic success during 12 years in power. "Balanced budgets, debt reduction and competitive taxes are bedrock principles," Dion said. "A Dion government will remain absolutely committed to balanced budgets, further reducing the federal debt, and a competitive tax regime."

Dion, a former environment minister, was elected Liberal leader last month, and his speech highlighted the gains that could come from developing the technology to protect the environment and rein in greenhouse gas emission. He said global warming was "the single most serious ecological threat that humanity is facing."

Conservative Prime Minister Stephen Harper says Canada has no chance of meeting its targets for emission cuts set by the Kyoto protocol on climate change. Dion says he is committed to doing all he can to meet Canada's goals under the treaty. "Canada has been a leader in each industrial revolution since the invention of the steam engine. We must not miss this new economic opportunity," Dion said. "Countries that embrace the environment as a core priority will lead the global economy in the 21st century."

Dion added: "Canada will cut megatonnes of emissions, but we will also make megatonnes of money." Dion later told reporters that if necessary, he would impose binding emissions limits on auto makers when he takes power. The Conservatives are promising to do the same once a voluntary deal with the industry runs out in 2010.

The Conservatives are also promising action on global warming. But critics say the policies they have announced so far are not aggressive enough and restrictions on greenhouse gas emissions kick in far too late. The National Post newspaper cited sources as saying Harper would soon unveil plans obliging companies to reduce their greenhouse gas emissions by 2015. Ottawa also plans to reinstate several programs encouraging Canadians to conserve energy, the paper said. The programs, set up under the previous Liberal government, were cancelled last year by the Conservatives.

"The prime minister is doing this only for opportunistic reasons ... we've had one year of (total) waste with this prime minister – 2006 has been lost completely," Dion said.

A spokeswoman for Harper declined to comment on the National Post report. Harper replaced his environment minister this month and admitted he needed to do more on green issues.

No date has yet been set for a new Canadian election, but most political observers expect the Conservatives, who have only a minority of seats in Parliament, to be defeated sometime this year. That would trigger a new election. Canada Liberals vow to go green, balance budget.

US Congress to debate Climate Bill

[Associated Press, NDTV, 12th January 2007]
Potential US presidential rivals John McCain and Barack Obama are joining with newly independent Senator Joe Lieberman on a plan they say would reduce global–warming gases by one–third over the next four decades. Their bill, announced on 12th January, is intended to cut the heat–trapping emissions by 2 per-

cent a year through mid–century. It is sure to produce a contentious debate on climate control in the new Democratic–run Congress and draw strong opposition from the White House and industry. Sens McCain, a Republican, Obama, a Democrat, and Lieberman are specifying mandatory caps on greenhouse emissions for power plants, industry and oil refineries. Their plan would require releases of heat–trapping gases to return to 2004 levels by 2012 and to 1990 levels by 2020.

Modest bill

US emissions of CO_2 have increased by an average of about 1 percent a year since 1990. As a compromise, the chairman of the Energy and Natural Resources Committee is preparing a more modest bill that would slow the growth of greenhouse gases. Under the proposal by Democratic Senator Jeff Bingaman, annual emissions would continue to increase until 2030 and then perhaps decline. McCain and Lieberman offered a climate bill two years ago, as did Bingaman. The McCain–Lieberman legislation was defeated by a Senate then controlled by Republicans; Bingaman withdrew his bill after it became clear he lacked the votes for passage. Since then, lawmakers have become increasingly convinced that Congress must do something to deal with the threat of global warming.

Compromise formula

Bingaman, however, said he was looking for a compromise with better prospects for approval.
"I am committed to developing bipartisan climate change legislation that can pass the Congress this year," Bingaman said.

US President George W. Bush has opposed regulating carbon dioxide, contending it would cost too much and deter economic growth. He has turned to a plan of voluntary emissions reductions through increased energy conservation and use of non–fossil fuels by industry. Those measures are well on their way to slowing the growth of greenhouse gases, the administration says. That is not enough, however, for Obama, McCain and Lieberman. Lieberman insisted their bill "solves the global warming problem without weakening the nation's economic position or imposing hardship on its citizens." Their plan would rely heavily on the development of new technologies and market–based techniques to diminish the cost of emissions reductions, he said.

Cost factor

To keep costs in check, businesses could buy emission "credits" from other companies that have exceeded their reduction targets and could use other methods to avoid the most costly cutbacks, according to a draft of the bill obtained on Thursday by The Associated Press.
"This sets the stage for the new Congress and the 2008 presidential race" on the issue of climate change, said Larry Schweiger, president of the National Wildlife Federation.

An analysis released by the government's Energy Information Administration concludes that the mandatory "cap–and–trade" approach advocated by Bingaman would have a modest effect on household energy costs at little overall cost to the economy.

The agency estimated that under Bingaman's plan, consumers' electricity bills in 2030 probably would be about 11 percent higher than what they otherwise would have been. Households would pay an additional $41 (euro32) to $58 (euro45) a year for energy in 2020 and an additional $118 (euro 90) to $136 (euro105) in 2030.

The EIA estimated that while the growth of emissions would slow, the amount of heat–trapping pollution would be 24 percent greater in 2030 than in 2004 because of the growth in energy use. The EIA did not examine the measure coming from Lieberman, McCain and Obama.

US companies are finding cash and credit in reducing emissions

[The Manufacturer US, January 2007] The US refusal to sign the Kyoto global pact on greenhouse gas reductions failed to kill efforts to reduce greenhouse gas emissions. It simply moved the initiative to state and regional levels, with a growing number of top corporations undertaking voluntary reduction programs on their own.

In the Northeast, for example, seven states to date (New York, New Jersey, Connecticut, Delaware, Maine, Vermont and New Hampshire) have joined the Regional Greenhouse Gas Initiative (RGGI), which will be setting up emissions standards and a cap–and–trade credit program for power plants, limiting their carbon dioxide emissions starting in 2009. RGGI air quality restrictions on manufacturing, however, remain but a distant goal, according to Joe Fontaine, trading programs manager with the New Hampshire Department of Environmental Services.

In contrast, California recently authorized the state to set emission levels, not just for power plants but for specific industries, by 2012. Although still in its formative stages, the California plan also may include a cap–and–trade credit system.

Meanwhile, however, the nation's leading corporations are making major commitments to reduce greenhouse atmospheric pollutants without waiting for government mandates. But multifaceted greenhouse initiatives such as energy efficiencies, manufacturing process changes and sometimes non–recoupable costs or even product eliminations require strong CEO–level commitment to achieve. Nonetheless, companies are recognizing the PR benefits of a "green" environmental image and opting for voluntary actions versus mandatory regulations.

General Electric, for example, is touting its "Ecomagination" plan to reduce greenhouse emissions by 1 percent by 2012, emissions that otherwise would have grown by 40 percent. In addition, 100 major corporations, nearly half of them Fortune 500 companies, have joined the EPA's four–year–old Climate Control Leaders program to reduce their emissions voluntarily. Collectively, the fulfilment of members' pledged reductions will equal 10 million metric tons of carbon, the greenhouse gas output of seven million cars. To date, General Motors and IBM were among the first five to meet their quotas at the end of 2005.

Meanwhile, the roster of the three–year–old Chicago Climate Exchange, the only US marketplace for buying and selling emission credits, has now swelled from its original 13 founders to 220 members following a sharp enrolment boost this year, according to Chairman and CEO Richard Sandor. About a third of the members are manufacturers, he says.

All Exchange members have agreed to reduce greenhouse gases (carbon dioxide, methane, nitrous oxide, HFCs, PLCs and sulphur hexafluoride) 4 percent below their baseline emission levels (1998–2001) by the end of 2006 and 6 percent below baseline by 2010. Exchange members' emissions are audited every year by the National Association of Securities Dealers; only those with certified reductions exceeding their annual goals are allowed to sell emission credits on the Exchange to those who have fallen short of their targets. Collectively, Exchange members have reduced emissions by 60 million metric tons of carbon equivalent in the last three years, Sandor says.

Not surprisingly, considering the rapid growth in membership, the Exchange's annual volume of trades has accelerated sharply this year, with more than 9 million of the 15 million metric tons of carbon equivalent trades since 2003 occurring in 2006, Sandor reports. The price of an emissions credit has ranged from 80 cents to $5 per ton and was $4.35 at the end of November, with trades accomplished through a Web–based, intuitive process that is very straightforward, he adds.

Emissions credit buyers have included power plants and other members that failed to meet their reduction targets, as well as speculative liquidity purchasers, he says.

DuPont and Ford, two of the Exchange's original 13 members, have had no difficulty meeting the association's required annual emission reductions. DuPont, which Business Week rated the number one top green company in 2005, reduced its greenhouse gas emissions by 72 percent from 1994 to 2004 and expects to shave another 15 percent off 2004 emission levels by 2015, according to a recent speech by CEO Chad Holliday. In addition, DuPont has saved more than $3 billion by reducing energy levels 6 percent below 1990 consumption, he added.

Ford, too, has won recognition in the US for its reduction in energy consumption (down 18 percent since 2000) and drop in carbon dioxide emissions (down 15 percent in 2005 alone) and was designated 2006 Energy Star of the Year in 2006 by the EPA and the US Department of Energy.

But the Chicago Climate Exchange is not the only US trading mechanism for emissions credits and, in fact, was preceded by a hugely successful emissions market campaign to cut summertime ozone levels in Chicago. In 2000 the city created a market–based system to reduce the atmospheric volatile organic materials (VOMs) that collectively create ozone in hot months. The plan aimed to cut contributing emissions 12 percent in three years but actually chopped them in half, far exceeding expectations, according to Richard Sutton, permit manager for the EPA's Air Bureau.

Part of the reason, Sutton admits, was the economic downturn and the closing of 3M's 1,000–worker plant. Unfortunately, the price of success was that the value of emission credits tanked as many went unused. But the bottom line is that Chicago's summertime ozone levels are now only in "moderate" instead of "serious" non–attainment of the Clean Air Act, he says.

Finally, some businesses that have reduced their emissions are attempting to certify the reductions themselves and are selling emissions credits privately to other companies, with the help of consultants, instead of going through the Chicago Climate Exchange. Specialized consultants such as Boston Carbon help companies analyze their operations for ways to cut emissions and then aid them meet the rigorous certification standards required to sell them as credits, according to Sheldon Wool, executive vice president of Boston Carbon. Sometimes consultants will assist in the certification and sale in exchange for a share of the credits rather than a monetary fee, he adds.

China Council for International Cooperation on Environment and Development

[http://eng.cciced.org] With the ratification of the Chinese Government, China Council for International Cooperation on Environment and Development (CCICED) was established in 1992. CCICED is a high level international advisory board to the Government of China. The Chairman of CCICED is a leader of the State Council of P. R. China (currently it is Vice Premier Zeng Peiyan). The mandate of CCICED is to put forth policy recommendations and carry out policy and project demonstrations on major and urgent issues in the field of environment and development in China. Members of the Council include ministers and vice ministers from the relevant ministries of the State Council, well–known experts and professors in the field of environment and development in and abroad, as well as ministers from other countries and the leaders of international organizations.

It has a consulting function for the government of China within the function of environmental protection. It suggests also political measures, projects in China. The scientists come mainly from Canada and China. The president is normally the director/conductor of Chinese government. Each year the politicians with the working group meet and hear its report or suggestions. From therefore this organization has a high position. They suggested at least twice some years ago over execution of eco–tax in China within the ranges.

Emission trading pilot scheme endorsed

[News Government of Hong Kong, www.news.gov.hk, 18th December 2006] Emission agreement**:** Guangdong Environmental Protection Bureau Director Li Qing and Secretary for the Environment, Transport & Works, Dr Sarah Liao meet the media after the Hong Kong–Guangdong Joint Working Group on Sustainable Development & Environmental Protection meeting.

Hong Kong and Guangdong have endorsed the implementation framework of the emission trading pilot scheme for thermal power plants in the Pearl River Delta region, Dr Sarah Liao stated. The details will be announced when all necessary procedures are completed so that interested thermal power plants can start identifying their partners, she added.

Dr Liao and Guangdong Environmental Protection Bureau Director Li Qing co–chaired the Hong Kong–Guangdong Joint Working Group on Sustainable Development & Environmental Protection's seventh meeting in Hong Kong today. Both sides discussed the progress of the implementation of the Pearl River Delta Regional Air Quality Management Plan in 2006 and set out the work plan for 2007.

Useful platform

She told reporters after the meeting that the emission trading pilot scheme will be operated on a voluntary basis, offering a platform for thermal power plants to cut emissions and improve efficiency. Hong Kong and Guangdong also agreed to set up a team as soon as possible to promote and manage the emission trading pilot scheme.

Looking ahead, both sides will jointly analyse the data collected by the Regional Air Quality Monitoring Network and release the 2006 regional air quality monitoring report in April.

Water protection

Upon the completion of the expert review on the water quality model of the Pearl River Estuary region, the two sides will discuss work on a joint study for the protection of the estuary itself. Additional measures will also be proposed to control water pollution in Shenzhen Bay (Deep Bay), and close liaison will be maintained to safeguard the quality of Dongjiang water.

Good progress has been made on the survey of forestry pests in Hong Kong woodland, which is expected to be completed by April. The results will bolster control of forestry pests in both places.

Barbados – Polluters May Have to Pay Taxes

[Heather–Lyn Evason, www.nationalnews.com, 7th January 2007] If your vehicle smuts or your factory belches smoke into the air, watch out – you could find yourself being taxed for it. This is one of the recommendations coming out of the draft Barbados National Energy Policy which was revealed by Minister of Energy and the Environment Liz Thompson yesterday. She said while the tax is yet to be structured, companies and manufacturers, even drivers of carbon monoxide–spewing vehicles, could find themselves being taxed for the offence.

"If you are a serious polluter, then you are going to be compelled to reduce the level of emissions and we are going to put a regime in place where we measure that," the minister warned. "All of us complain for instance about the vehicle which drives along and emits obnoxious fumes. People complain about living close to industrial processes where there are smoke stacks emitting fumes and odours," she said.

And if companies or businesses clean up their acts, then they would pay less taxes. "If you meet the national target, then the level of tax imposed on you will be lower and that then is an incentive for people not to pollute and not to emit green house gases."

The minister further revealed that the carbon taxes could also be channelled into a proposed energy fund which will be established to fund renewable energy projects. "But that is a detail that will now have to be developed," she added. "We believe it is in our interest to reduce our ecological foot print for sustainable development as a country in order to protect our quality of life," Thompson said.

South–East Asia seeks access to carbon emissions market

[Reuters, 16th January 2007] Southeast Asian nations are asking Japan's help in getting access to a growing carbon emission trading market, now valued at around $10 bn.

Philippine President Gloria Macapagal Arroyo, as chairwoman of the annual Association of Southeast Asian Nations (Asean) summit, made the request at the group's meeting with Japanese Prime Minister Shinzo Abe on Sunday. "I would like to make an appeal to Asean and Japan to make special efforts to meet the objectives of the Kyoto Protocol," Arroyo said in prepared remarks to the Japanese.

"Perhaps Japan could help expand the list of projects available for carbon emissions trading so that more members of Asean could participate in the growing emission trading market, which is now valued at around $10bn." Energy demand in the 10 Asean countries is expected to more than double by 2030, from nearly 500 million tonnes of oil equivalent in 2002. The region emitted about 1,000 million tonnes of carbon dioxide in 2002 and this figure will increase by almost threefold by 2030, according to Asean data.

Arroyo said she would challenge other leaders of the 16–country East Asia summit, which met in Cebu on 22nd January, to improve energy efficiency by half to reduce carbon dioxide emissions. She asked Japan to help Asean countries on bio fuel development, coal liquefaction and oil stockpiling.

"We also must foster greater cooperation with other countries in our neighbourhood. Russia looms large in this regard, considering that in 10 years Russian might be supplying 30 percent of the oil and gas requirements of East Asia," Arroyo said yesterday. Asean groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

China, Japan, South Korea, India, Australia and New Zealand are joining the group for the East Asia summit.

8. EVENTS

The Brussels Tax Forum
Taxation for sustainable development Brussels, Belgium. 19th till 20th March 2007.

This conference aims to begin a tradition of an annual tax forum, organised by the EU Commissioner responsible for taxation that will bring together, in Brussels, policy makers, experts, stakeholder and the general public from all over the world in order to discuss tax issues of particular political and general interest.

The topic chosen for 2007 is Taxation for sustainable development. The conference will focus on the contribution that taxation can make to sustainable development and how it can promote other policy objectives, such as environmental protection, while bearing in mind economic and social aspects. The deadline for registration is 28th February 2007.

Contact:

Ms. Tesarova

European Commission

Directorate–General for Taxation and Customs Union

E–mail: taxud–d2@ec.europa.eu, SCIC–Conf–Brussels–Tax–Forum@ec.europa.eu

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

Final COMETR workshop Brussels, Belgium. 21st March 2007.

COMETR is a Specific Targeted Research Project (STREP) supported by financing from the EU's Sixth Framework Programme for Research (FP6). COMETR is coordinated by the Department of Policy Analysis at the National Environmental Research Institute, University of Aarhus in Denmark and has 6 partners. COMETR runs from December 2004 through to May 2007.

The research is relevant for understanding the economic and environmental implications of environmental tax reform, notably carbon–energy taxes.

In the 21st March 2007 will have place the COMETR final Workshop in Brussels.

For further details, please contact cs@dmu.dk. The program link:

http://www2.dmu.dk/cometr/Partner per-cent20only/Brussels/programme/COMETR_Final_Workshop_rev2.pdf

Seminar on sustainable energy policy Brussels, Belgium. 20th March 2007

All speakers are confirmed including 2 representants from the European Parliament, 4 representants from the European Commissions, and from leading NGOs. Please see short description of the program and a list of the speakers.
Detailed Program and Registration form can be downloaded at:

http://www.inforse.org/europe/seminar07_BXL.htm

Envecon 2007 London, United Kingdom. 23rd Mar. 2007.

The UK Network of Environmental Economists (UKNEE) organize in the venue The Royal Society City London Country United Kingdom, the 23rd Mar 2007.

"UKNEE, the UK Network of Environmental Economists, aims to bring together environmental economists from academia, consultancy and public and private sectors to foster closer relationships, follow recent developments and share experience. UKNEE organises quarterly seminars on topical subjects in environmental economics followed by social evenings. Further information on the seminar series can be found via the link below."

Further information: Email uknee@eftec.co.uk URL www.uknee.org.uk

Envirogate Event Management Inc. (A subsidiary of Environmental Science & Engineering Publications) Toronto, Ontario, Canada. 16th till 17th April, 2007.

Since 1992, CANECT has been the foremost event for Canadian environmental managers, plant personnel, government policy–makers, lawyers and consultants with responsibilities for environmental affairs.

Over 40 top–notch presenters representing Canada's leading–edge environmental trainers, lawyers, consultants, managers, administrators, and health & safety practitioners are scheduled to participate in the 10 workshop sessions at our 2007 event.

Tel: 1–888–254–8769 / (905) 727–4666

Fax: (905) 841–7271

e–mail: steve@esemag.com

RENEXPO® Central and South–East Europe April 19th to 21st 2007. Budapest, Hungary.

We are delighted to present the RENEXPO® Central and South–East Europe in Budapest, an International Trade Fair and Congress for renewable energy and energy efficient construction and renovation. The fair and conference take place from the19th to the 21st of April in the HUNGEXPO BUDAPEST FAIR CENTER.

The trade fair offers an insight view in to the Hungarian and east–European market for renewable energy as well as the international markets. Over 80 exhibitors are expected to present their products and services at the Trade Fair, 70 percent of which will be international companies. Likewise we are expecting over 3,000 visitors for the Trade Fair and hoping to achieve at least 20 percent international visitors. Themes: bio energy, biogas, wood energy, decentralised energy systems, cogeneration, hydropower wind energy, photovoltaic, heat pumps, geothermal energy, passive house, energy efficiency Services: financing, consulting, emissions trading and climate protection projects, R & D, secondary formation, networking and marketing.

If you would like a receive a price quotation as an exhibitor simply click here and fill out the form online, we will then send you your personalised offer.

Parallel to this exciting trade fair we are also presenting a three–day conference which will unite trade members, experts, politicians and economists from the renewable energy world. We are expecting over 600 conference participants from Europe and International fields to attend.

One of the main highlights of the conference is the FINANCING SUSTAINABLE ENERGY IN CENTRAL & SOUTH–EAST EUROPE on the 20th of April 2007. Conference is supported by forseo GmbH

Full event details can be found online at http://renexpo–budapest.com/?lang=en

Barbara O'Donnell
International Department
REECO GmbH
Unter den Linden 15
D–72762 Reutlingen – GERMANY
Tel: +49–(0)7121–3016–0 ext 117
Fax: +49–(0)7121–3016–200
Email: odonnell@energie–server.de

http://www.energy–server.com
http://www.energie–server.de

Environmental Markets Association 11th Annual Spring Conference Boston, Massachusetts, United States. 6th to 8th May 2007.

This two–day conference will cover hot topics in the environmental markets while bringing together industry professionals from emissions trading, brokerage, government agencies, academia, and consultants.

Contact name: Lauren LeMunyan

Website: http://www.environmentalmarkets.org

Green Budget Germany Conference and Annual General Meeting Berlin, Germany. 11th till 12th May 2007.

How much does a solid climate cost? The future of the emission trading.

This conference will take place from the 11th till12th May in Berlin. There will be a discussion of new appendages of economical instruments for climate change and we will enhance the established instruments. This conference will be all in German.

Registration till 1st of May 2007. Please send an E–Mail to: foes@foes.de

The participation fee is 15 Euros (inc. catering).

Flyer for the Conference (in German): http://foes.foerg–

edv.net/foes/en/downloads/Flyers/2007KonferenzFOESProgramm.pdf

Eco Summit 2007

Ecological Complexity and Sustainability: Challenges and Opportunities for 21st–Century`s Ecology

Beijing, China. 22nd till 27th May, 2007.

This Eco Summit will focus on integrative aspects of all ecological science and its application under the general theme of "Ecological Complexity and Sustainability: Challenges and Opportunities for 21st Century's Ecology". The aim of this Eco Summit is to encourage a greater integration of both the natural and social sciences with the policy and decision–making community to develop a better understanding of the complex nature of ecological systems. This understanding will provide the basis for sustainable solutions to environmental problems.

Web site: http://www.ecosummit2007.elsevier.com/

Eco Summit 2007 will be held in Beijing Jiuhua Resort & Convention Center (JRCC).

Address: XiaoTang Mountain, Chang Ping, Beijing 102211, China

Tel:(86 10) 6178 2288 ext. 6666

The 15th EAERE Annual Conference, Thessaloniki, Greece . 27th till 30th June 2007.

EAERE is a non–profit association named EUROPEAN ASSOCIATION OF ENVIRONMENTAL AND RESOURCE ECONOMISTS. Each year, EAERE organises its Annual Conference, an invaluable opportunity for meeting, exchanging and debating current topics in environmental and resource economics. With approximately 300 individual participants attending from all over the world, international researchers, scholars, economists and students convene to the EAERE Annual Conferences in the spirit of economic discovery, research, analysis and collaboration. Conferences are held in European countries and unite European participants together with their national and international neighbours.

The activities of the Annual Conference include keynote speeches and policy panels in plenary sessions, papers presented in parallel sessions, and the EAERE General Assembly of the members. Economists, including those who are not currently members of the EAERE, are invited to submit papers for presentation at the Annual Conferences. It is hoped that papers presented represent a broad spectrum of environmental and resource economics.

Contact: Administration of the EAERE2007 conference

University of Macedonia

156 Egnatia Str

Thessaloniki. 54006. Greece

Phone: +30 2310 891680

Fax: +30 2310 891634

Email: eaere2007@eaere2007.gr

The Eighth Annual Global Conference On Environmental Taxation

Munich, Germany.18th till 20th October 2007.

Innovation, Technology and Employment – Impacts of Environmental Fiscal Reforms and other Market–Based Instruments. Munich (Germany). The **Global Environmental Taxation Conference (GETC)** provides an interdisciplinary forum for the exchange of ideas, information and research findings about the use of environmental taxes and other economic instruments across international boundaries. At the conference, leading scholars in the fields of law, economics, accounting, fiscal policy, political science and scientific disciplines come together to discuss ongoing developments relating to the potential of using economic instruments to combat the global environmental challenges of the 21st century.

Link: http://www.worldecotax.org/

Conference Flyer:http://www.worldecotax.org/downloads/info/Broschure2007.pdf

Call for Papers. Contact:

Förderverein Ökologische Steuerreform

Green Budget Germany

Landsbergerstr. 191. 80687.

München (Munich)

Tel.: +49 89 520 113– 13 Fax: – 14

E–Mail: foes@foes.de.

Webpage: http://www.foes.de

Ninth Annual Bioecon Conference On "Economics and Institutions for Biodiversity Conservation" London, United Kingdom. 20th till 21st September 2007

The University College London (UCL) and REFGOV in association with UK–DEFRA, FAO, IUCN and UNEP–WCMC announce the Ninth International BIOECON conference on Economics and Institutions for Biodiversity Conservation. The conference will be held at Kings College Cambridge on 20–21 September 2007. The conference will be of interest to both researchers and policy makers interested in or working in the management and conservation of biodiversity.

The conference will have sessions examining institutional frameworks, the use of social capital and the management of knowledge for biodiversity conservation, as well as the economic analysis of policies for managing biodiversity in a context of high uncertainty. The conference will take place over two days, with sessions consisting of papers on the above themes. In addition, there will be a policy forum chaired by DEFRA, FAO, IUCN and UNEP–WCMC, leading a discussion on the issue of the development of mechanisms for making payments for environmental services. Contact: Mare Sarr (m.sarr@ucl.ac.uk).

BIOECON web–site:

http://www.bioecon.ucl.ac.uk.

World Council for Renewable Energy (WCRE) 2nd International conference (IRES II) The case of energy autonomy: Storing RE. November 19th – 21th, 2007, Bonn, Germany

Conference chairmen: Dr. Hermann Scheer and Prof. Dr. Dirk Uwe Sauer

Organized by: EUROSOLAR, World Council for Renewable

2nd International conference "The case for energy autonomy: Storing Renewable EnergiesSolar radiation, solar heat and wind power are the forms of Renewable Energy, available worldwide, which have thegreatest potential. They are, therefore, also the most promising when it comes to achieving an all–encompassing substitution for fossil fuels and atomic energy. This substitution, which entails the full exploitation of Renewable Energies, requires: * On the one hand, power grids and grid management tailored to the needs of Renewable Energy generation in relation to the demand for energy and taking into account the mix of complementary, available Renewable Energies, and * On the other hand, the storage of solar thermal energy, solar–generated electricity and wind power. Groundbreaking

Webpage: http://www.wcre.de/en/index.php

Contact:
EUROSOLAR e.V.Kaiser– Friedrich– Str. 11

53113 Bonn

Tel: 0228–362373

Fax: 0228–361279

9. VACANCIES

Appointment Procedure of the Wuppertal Institute's Presidency is Opened

The Wuppertal Institute for Climate, Environment and Energy and the Bergische Universität Wuppertal are jointly seeking as of the 1st of February 2008 the position of President of the Wuppertal Institute in connection with a University Professorship (W 3) at the University of Wuppertal.

The position of the president is connected with the appointment to a W3 professorship at the Bergische Universität Wuppertal including simultaneous leave in order to assume the official functions required of the Wuppertal Institute president as a scientific business manager.

The Wuppertal Institute was founded in 1991 under the direction of Professor Dr. Ernst Ulrich von Weizsäcker as a non–profit limited company (GmbH) of the Federal State North–Rhine Westphalia. The current president Professor Dr. Peter Hennicke will retire in January 2008.

140 staff members work at the Wuppertal Institute. It has a business volume of approximately 9 Mio Euro per year (mainly coming from third party funding). The Wuppertal Institute's mission is applied sustainability research, particularly the analysis and inducement of innovations leading to the decoupling of nature use and economic growth. The Institute has four research groups working in interdisciplinary research fields: future energy and mobility structures; energy, transport and climate policy; material flows and resource management; and sustainable production and consumption. The Wuppertal Institute has an office in Berlin and is the holding company of the "UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production" located in Wuppertal. Supported by the Federal Government of North–Rhine Westphalia, the Wuppertal Institute plans to intensify its research cooperation in the field of energy and climate research together with the RWTH Aachen University and the Research Centre Jülich.

This position requires a person of outstanding character with the following qualifications:

A national and international reputation in the field of environmental sustainability research

Many years experience in the field of scientific policy advice

Management and leadership experience preferably in a scientific institute which is actively involved in the research market

Excellent communication skills in policy, economy and NGOs

Due to the distinct interdisciplinary and application oriented research of the Wuppertal Institute, the president should combine high scientific, methodical, and logical expertise with the capabilities of a generalist. Proved economic, natural science or scientific engineering expertise is requested. Candidates have to speak German. Fluent written and spoken English is mandatory. The position will be remunerated accordingly. Please address your letter of application with CV, proof of degree, reported copies, information on scientific career and employment, activity reports and publication list to the vice president of the Wuppertal Institute, Dr. Manfred Fischedick, Postfach 10 04 80, 42004 Wuppertal.
The closing date for applications is 15th May 2007.
For more information about the Wuppertal Institute and the advertised vacancy please contact the vice president of the Wuppertal Institute via e–mail.

10. READERS' GUIDE AND IMPRINT

Readers' Guide:

To read our newsletter, follow the instructions below:

- First, you should make certain that you always have sufficient free memory in your e–mail account. If not, you won't receive the mailing. Our Newsletters will have up to 425 Kilobytes per copy.
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We hope you enjoy reading your copy of GreenBudgetNews!

Best wishes from the editors!

Green Budget Germany's Team of Editors

You can contact the Green Budget News editors at the following addresses:

Förderverein Ökologische Steuerreform
Green Budget Germany
Landsbergerstr. 191 – D – 80687 München
Tel.: +49 89 520 113- 13 Fax: - 14
foes@foes.de
www.foes.de

European Environmental Bureau
Boulevard de Waterloo 34,
B-1000 Brussels
Tel: +32 2 2891090
Fax: +32 2 2891099
secretariat@eeb.org
www.eeb.org

Levego Munkacsoport
Clean Air Action Group
H-1465 Budapest, Pf. 1676, Hungary
Phone: +36-1 4110509/-10
Fax: +36-1 2660150
levego@levego.hu
www.levego.hu

The Ecological Council
Blegdamsvej 4B
DK - 2200 Copenhagen N
Phone: +45 33 15 09 77
Fax: +45 33 15 09 71
info@ecocouncil.dk
www.ecocouncil.dk

ÖGUT – Österreichische Gesellschaft
für Umwelt und Technik
Austrian Society for Environment and Technology
Hollandstraße 10/46
A – 1020 Vienna
Tel.: +43 1 315 63 93 – 13 Fax: - 22
office@oegut.at
www.oegut.at