



FÖRDERVEREIN ÖKOLOGISCHE STEUERREFORM

GREEN BUDGET GERMANY

SPEECH: EXPERIENCES WITH THE GERMAN ETR

- a great product, but not without marketing problems

(Christian Meyer, GBG)

Dear Ladies and Gentlemen,

Thank you very much for your invitation to this workshop about Ecological Tax Reforms in Hungary.

Before I show you some aspects from the German ETR, please let me introduce Green Budget Germany. GBG was founded as an independent Lobby-Organisation for market-based environmental instruments in 1994 by a coalition of members of all political parties, and representatives of business, science and NGOs.

Now we organize many scientific studies and conferences – for example for the new CO₂-Tax in Switzerland, or the introduction of Ecotax in Japan. Because of our wide international approach, our Chairman often says: we are a travel agency and not a NGO.

What do we do in Germany?

We write proposals for the Ecotax and discuss it with important and influential people – our current, fourth Memorandum is available for you in English.

First we convinced the Social Democrats and the Greens to introduce an ecological tax reform in the late nineties. But some liberals and conservatives also support this idea. After many other countries like Sweden, Great Britain or the Netherlands, Germany introduced an ecological tax reform in 1999. The ecotax was increased in four gradual steps and charged on petrol, diesel, heating oil, natural gas and electricity. In total, we increased our energy taxes by 55 percent and earned 18 Billion Euros per year.

In 2005, Germany established additional a road toll for trucks. After some technical problems in the beginning, there is now a great deal of acceptance and support for this instrument.

WHAT DID WE DO WITH THE MONEY ?

You can see it on the chart. We give it back to the people and reduced social security payments, especially pensions. A small percentage goes directly to the environment, especially for the development of new energies.

WHAT WAS THE RESULT?

Vorstand

Dr. Anselm Görres (Vorsitz)
Dipl.-Vw. Kai Schlegelmilch
(Stellvertretender Vorsitz)
Dipl.-Vw. Andreas Wolfsteiner
(Schatzmeister)
Dipl.-Vw. Bettina Meyer
Dipl.-Vw. Matthias Seiche

Geschäftsführung

Andrea Sauer
Christian Meyer

Beirat des FÖS

Dr. Gerhard Berz
Prof. Dr. H.-C. Binswanger, CH
Dr. Martin Bursik,
Umweltminister a.D., CZ
Dr. Henner Ehringhaus, CH
Josef Göppel, MdB
Prof. Dr. Hartmut Graßl
Prof. Dr. Gebhard Kirchgässner, CH
Norbert Mann
Dr. Paul E. Metz, NL
Janet E. Milne, USA
Yannis D. Paleocrassas,
Finanzminister a.D., GR
Prof. Dr. Albert J. Rädler
Dr. Georg Riegel
Josef Riegler, Vizekanzler a.D., A
Christine Scheel, MdB
Matthias Max Schön
Prof. Dr. Ulrich Steger
Prof. Dr. Norbert Walter
Prof. Dr. E. U. von Weizsäcker, MdB
Prof. Dr. Wolfgang Wiegand
Anders Wijkman MdBEP, S
Dr. Angelika Zahrt

meyer-presentation06/31.01.2006

FÖRDERVEREIN ÖKOLOGISCHE STEUERREFORM e.V. (FÖS)

Landsbergerstr. 191 · 80687 München · Fon 089-520 113-13, Fax -14 · foes@foes.de www.eco-tax.info
GLS Gemeinschaftsbank eG Konto 804 371 3000 BLZ 430 609 67 IBAN DE87430609678043713000
Gemeinnützig zur Förderung wissenschaftlicher Zwecke laut Finanzamt München für Körperschaften

We had an reduction of fuel consumption over the four years of over 10 percent, and reduced greenhouse gases. At the same time, we reduced the tax burden on the employed and industry. Scientific studies show that export industries received a netto reduction to the ETR of about 1 Billion Euros. Mainly in the sectors of renewable energies, energy efficiency, alternative cars and labour-intensive services, the ecotax created about 250,000 new jobs.

You can find these studies in my link list.

You can see the German strategy to **BECOME MORE INDEPENDENT FROM OIL** has been successful. Whereas the USA have increased their oil imports by 21 percent in the last few years, Germany reduced theirs by 14 percent in the same period.

As alternative to oil we support renewable energies by means of market-based instruments. After this change in energy sector, there was a great boom. You see this for example in wind energy, but also in solar energy and biomass.

Now there are new statistics which show that in these areas there are in total more jobs than in the whole of the old energy sector, in coal, nuclear power and lignite.

If you look at the CO₂-Emissions from transport you can see the effect of Ecological taxation, too. After 1999 there was a break in German traffic emissions. Great Britain, which increased their energy taxes annually after 1996 till 2000, were able to stabilize their emissions against the trend of EU-15.

There was also an increase in public transport use and the use of more efficient cars, i.e. cars that lower fuel consumption.

I've looked in the statistics about greenhouse gas emissions from traffic for the new member states and Hungary. This showed me that Hungary has some traffic problems. From 1996 to 2002, the GHG-Emissions from traffic increased by 40 percent in Hungary, but by 15 percent in the new EU as a whole. You can also see the reaction of car drivers in Hungary to higher prices, like the oil price boom in 2000.

So prices are a most effective instrument to reduce Emissions.

Why do we care about greenhouse gas emissions?

It's not only that 2005 was the hottest year in history. It's not only to take care of the environment and the future of our children! It's economically necessary. We must integrate market-based environmental issues in the economy. That's good for the economy, for employment and for the environment.

In this chart I put only the costs of weather disasters since 1950. The data are from the Munich Re, one of the largest re-insurance companies, who are liable to cover the costs of disasters. You see not only increasing costs as a result of weather disasters, but also the rise of disasters overall.

ACCORDING TO US-CONGRESS, HURRICAN KATRINA COSTS THE USA UP TO 200 BILLION \$. THAT'S TWO TIMES MORE THAN THE GROSS DOMESTIC PRODUCT (GDP) OF HUNGARY (2004: 98 BILLION \$)!

So, in conclusion, the ecological tax reform in Germany was good for the economy and, with the help of increasing oil prices, very good for the environment – although public opinion was negative, because of the starting protests in 1999 and 2000.

Now, in the great coalition, the existing ETR is accepted by the political parties from the Conservatives, Liberals, Greens through to the Social Democrats. So there is a clear agreement that the Ecotax will not be abolished. We are lobbying for this. But for further and higher steps, more pressure from society is necessary.

Before Kai Schlegelmilch holds his speech, one last advert. You can find many facts and studies on the ETR in our English newsletter, which we publish in cooperation with Levego and many other international partners. And of course at our website, the address is in the hand-outs.

Thank you for your time.

Links:

Green Budget Homepage

www.ecotax-info.de

Ecotaxes in the new member states – Conference report

<http://www.eco-tax.info/3events/NewEU.html>

Ecotax-Database

<http://www.eco-tax.info/5EUecotax/index.html>

Using the market for cost-effective environmental policy (European Environment Agency)

http://reports.eea.eu.int/eea_report_2006_1

New study about Ecotax-effects in Germany

<http://www.umweltbundesamt.de/uba-info-presse-e/2005/pe05-059.htm>

GBG-Memorandum

<http://www.eco-tax.info/downloads/GBGMemorandum2004.pdf>