



MEDIA ADVISORY for release Friday April 17th 2009

New Research Asks If Green Taxes effective

If the Chancellor and Prime Minister are serious in promising a "green" budget next week, then the Government must be prepared to introduce green taxes, the independent body the Green Fiscal Commission says today.

For two years the Green Fiscal Commission has been looking into the potential of a major green tax reform. In a new report published this week, ***How Effective are Green Taxes?***, which surveys the environmental taxes that have been widely introduced across Europe over the past twenty years, the independent policy body concludes that not only do green taxes reduce environmental impacts, they also generate tax revenues, and can increase employment.

Director of the GFC, Professor Paul Ekins said: "The Prime Minister has said that he wants to promote a low-carbon economy. A substantial carbon price throughout the economy, introduced through a green tax shift, is an essential part of bringing this about. Unless the 2009 Budget introduces major new green taxes, in place of other taxes or tax increases, the Government's talk about wanting a low-carbon economy will be exposed as just that, and no more."

The GFC aims to assess the social, environmental and economic implications of a substantial green tax shift, such that 15-20 per cent of tax revenues come from environmental taxes. Environmental taxes should not be seen as "stealth taxes" but as transparent incentives to change behaviour to address increasingly serious environmental issues, says the Commission.

Colin Challen, a Labour MP who is a member of the Green Fiscal Commission and Chairman of the All-Party Committee on Climate Change in the House of Commons, welcomed the new report.

"Far too few people and policy makers realise that green fiscal reform offers simultaneous opportunities to improve the environment, especially by reducing carbon emissions; increase employment; stimulate new low-carbon industries; and reduce taxes on income. This Briefing sets out the evidence for these claims and makes the case for one of the most beneficial, but also most overlooked, approaches to environmental policy. Of course I am delighted that the Prime Minister has stressed that this will be a Green Budget. He needs to deliver a green fiscal reform in order to make it so," he said.

Although the UK is committed reducing its carbon emissions by 80 per cent by 2050 the measures needed in order to achieve this have not yet been introduced. Currently carbon emissions are not reducing anything like fast enough to reach any of the UK's targets even the commitment made in Labour's manifestos of both 1997 and 2001 to reduce carbon emissions by 20 percent from 1990's level by 2010.

Mtf/

Editors' Notes:

***How Effective Are Green Taxes?, Briefing Paper Two* is published this week by the Green Fiscal Commission and available from <http://www.greenfiscalcommission.org.uk/>**