



**Environmental Tax Reform (ETR)  
in Europe:  
The Key to a Resource-Efficient, Low-  
Carbon Competitive Economy**

**FINAL CONFERENCE  
of the Anglo-German Foundation's petrE Project, held in  
conjunction with the Green Fiscal Commission**

July 15/16, 2009

Registration details at [www.greenfiscalcommission.org.uk/](http://www.greenfiscalcommission.org.uk/) or  
[www.petre.org.uk/events.htm](http://www.petre.org.uk/events.htm)

PLUS THE 2009 CONFERENCE OF

*GreenBudgetEurope*

Environmental Policy in Times of Financial Crisis

July 17 2009

Separate booking / registration: for more information please see  
<http://is.gd/EWig>

The Great Hall, King's College London

**Environmental Tax Reform (ETR) in Europe:  
The Key to a Resource-Efficient, Low-Carbon Competitive Economy**

## **PROGRAMME**

**July 15**

- 9.00**     **Arrival/Registration**
- 10.00**    Welcome by Professor Paul Ekins (King's College London), Coordinator of the petrE project
- 10.10**    Keynote address: Dr Sam Fankhauser (London School of Economics, ESRC Centre for Climate Change Economics and Policy, Committee on Climate Change)  
'Carbon Pricing: Rationale, Progress and Prospects'  
Questions and discussion
- 11.10**    Introduction to the conference and outline of the petrE project  
Paul Ekins
- 11.30**    **Break (tea/coffee)**
- 11.50**    ETR in Europe: experience to date  
Dr Stefan Speck (Kommunal Kredit, Vienna)  
(12.10) Questions and discussion
- 12.30**    ETR evaluation: appropriateness and effectiveness of ETR  
Dr Paolo Agnolucci  
Questions and discussion
- 13.10**    **Lunch**
- 14.15**    Large-scale ETR in Europe: results from petrE  
Implications for Europe: results from the E3ME model  
Dr Terry Barker (Cambridge Econometrics)  
Implications for Europe: results from the GINFORS model  
Professor Bernd Meyer/Christian Lutz (GWS)  
Discussant: Sebastian Catovsky (HM Treasury)  
Questions and discussion
- 16.00**    **Tea**
- 16.20**    ETR: effects on competitiveness  
Insights from the COMETR project, Professor Mikael Skou-Anderson (National Environmental Research Institute, University of Aarhus, Denmark)  
Discussant: Professor Alberto Majocchi (Istituto di Studi e Analisi Economica, Rome)  
Questions and discussion
- 17.10**    Panel discussion on the day's issues  
All speakers
- 17.45**    Close of day
- 18.00**    **Drinks reception**

## July 16

- 9.00** ETR: Implications for innovation and environmental industries  
Professor Martin Jänicke (Free University, Berlin)  
Discussants:  
Dr Ralf Martin (Centre for Economic Performance, London School of Economics)  
Adrian Wilkes (Director, Environmental Industries Commission)  
Questions and discussion
- 10.30** **Coffee**
- 10.50** ETR: Relevance to New (EU) Member States (case study Czech Republic)  
Professor Petr Sauer (University of Economics, Prague)  
Discussant: Dr. Stefan Speck  
Questions and discussion
- 11.30** Implications for the rest of the world  
Dr Stefan Giljum (Sustainable Europe Research Institute)  
Discussant: Dr. John Barrett (Stockholm Environment Institute, University of York)  
Questions and discussion
- 12.30** **Lunch**
- 13.30** Implementation issues and obstacles  
David Gee (European Environment Agency)  
Anselm Görres (Green Budget Europe)  
Questions and discussion
- 14.40** ETR: Political feasibility. Session chaired by Roger Harrabin, BBC  
Ben Shaw (Policy Studies Institute, Green Fiscal Commission)
- 15.10** **Tea**
- 15.30** **Panel discussion on Political Feasibility:  
Politicians from the UK Green Fiscal Commission**  
Elliot Morley MP (Labour), former Minister for the Environment, Chairman,  
House of Commons Select Committee on Energy and Climate Change  
Greg Barker MP (Conservative), Shadow Minister for the Environment  
Chris Huhne MP (Liberal Democrat), Shadow Home Secretary, former Shadow  
Secretary of State for the Environment  
Questions and discussion  
General discussion
- 17.15** Concluding comments  
Paul Ekins
- 17.30** **Close**

## July 17

### **Annual Conference 2009 of Green Budget Europe 'Environmental Policy in Times of Financial Crisis'**

**Separate booking / registration: for more information please see  
[http://www.foes.de/en/GBE\\_Project.html](http://www.foes.de/en/GBE_Project.html)**

# ABOUT



## **Resource productivity, environmental tax reform and sustainable growth in Europe**

**A Research Programme of the Anglo-German Foundation carried out by  
Professor Paul Ekins, King's College London (KCL) (Programme Coordinator)  
Dr Terry Barker, Cambridge Econometrics (CE), UK  
Professor Bernd Meyer, University of Osnabrück and GWS, Germany  
Professor Martin Jänicke, Free University (FU), Berlin, Germany  
Dr Stefan Giljum, Dr Stefan Speck, Sustainable Europe Research Institute (SERI), Austria  
Dr Petr Sauer, University of Economics (UEP), Prague, Czech Republic  
and colleagues from all institutions**

# **‘Resource Productivity and Environmental Tax Reform in Europe (PETRE)’**

## **A Project of the AGF Programme Creating Sustainable Growth in Europe**

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### **Background**

The PETRE project was set up in mid-2006. A Summary of the project and its objectives is given below. Further details may be found at [www.petre.org.uk](http://www.petre.org.uk). Details of the AGF programme Creating Sustainable Growth in Europe may be found at [www.agf.org.uk](http://www.agf.org.uk).

### **Objectives of the Conference**

The objectives of the conference are:

- To present and discuss the results of the PETRE project in a way that is simultaneously of interest to academics, policy makers and representatives of interested organisations (such as businesses, environmental NGOs, policy think tanks etc.)
- Thereby to stimulate wider awareness of environmental tax reform (ETR) as a key policy approach for stimulating resources efficiency, reducing carbon emissions and improving economic competitiveness.

The main questions which the conference will address, and which the PETRE research has sought to answer, are:

1. What is the experience of ETR in Europe?
2. What opportunities are presented by ETR in Europe?
3. What might a large-scale ETR in Europe look like and what would be its implications for the rest of the world?
4. What are the obstacles to ETR in Europe?
5. What might be a way forward for ETR in Europe?

## PETRE PROJECT SUMMARY

This project will carry out research that generates substantial new insights into the conditions for environmentally and economically sustainable growth, and how it might be promoted through public policy, by linking the concepts of resource productivity and environmental tax reform (ETR). It will contribute at a European level to the joint pursuit of the Lisbon Strategy, to provide a new impetus to growth and competitiveness, and the EU Sustainable Development Strategy.

The key research questions of this programme are:

1. What are the long-term relationships between energy and resource prices, and energy and resource use, environmental quality, economic growth and competitiveness?
2. What have been the effects so far of European environmental tax reforms (ETRs) on employment, economic growth and competitiveness? What are the medium-term implications of such reforms in the UK and Germany for the national, European and global economies? Do they give any grounds for expecting that ETRs will be able to increase economic growth and employment while reducing local and global environmental impacts?
3. What implications follow from this analysis for the design of further Environmental Tax Reforms for both old and new EU member states?

This programme's unique contribution to the AGF's CSGE programme will be:

1. to embark on the most comprehensive comparative analysis of environmental tax reform and its economic and environmental implications ever carried out, including EU (also Eastern European countries) and global dimensions; and
2. to analyse how environmental tax reforms could explicitly address the three fundamental European market failures of
  - high unemployment in some countries
  - tendency to overuse common resources, like clean air and water
  - under-investment in new technologiesby raising the costs of using common resources, and by using the revenues both to reduce labour costs and to subsidise the development of resource-saving technologies

The project consists of five linked work packages (WPs) which taken together investigate the major issues related to resource productivity and ETR, including both economic and environmental implications and impacts, in single countries, within the EU and in the global economy.

In relation to the research questions above:

- WP1 will explore the link between resource use, economic performance and environmental quality, specifically seeking to characterise the relationship between trends in resource productivity, resource (especially energy) prices, environmental quality, economic growth and competitiveness.
- WP2 will focus on the resource and labour impacts of European ETRs to date, and seek to determine what have been the resource and labour impacts of the ETRs that have been implemented in Germany and the UK.
- WP3 will use two EU-wide European macro econometric models to model the single-country, European and global economic and environmental effects of different ETR Regimes, and to make projections to 2020, exploring what might be the impacts on labour

and resource productivity, resource use and employment, and environmental impacts, of major ETRs in the UK, Germany and the EU in the future and what are the reasons for any differences in the models' projections.

- WP4 will explore the implications of the analyses undertaken in WPs 1 to 3 for the new EU member states in Central and Eastern Europe, and make recommendations for ETR design and implementation in these countries.
- WP5 will focus on the global dimensions of sustainable growth in Europe, investigating the positive and negative implications of higher European resource productivity for European competitiveness, for world-wide patterns of natural resource extraction and of production, trade and consumption, and for other (especially developing) countries, and the policy implications.

By exploring these issues in a specific, rigorous and quantitative way, the project seeks to make an innovative and durable contribution to one of the most important issues facing Europe and the world today: how to integrate environmental and economic objectives, reducing global environmental impacts while enhancing economic competitiveness and improving quality of life.