

# Ecological tax reforms in support of green innovation and R&D: Case of Germany

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# ETR policy development – key aspects

- MoE issued several **studies on environmental taxation** and environmentally harmful subsidies
- **Joint working group of Ministries** of Finance (lead), Environment and Economy
- Group considered **environmental, social and economic aspects** and developed design
- German Parliament **listened to stakeholders** in several public hearings in all stages of drafting legislation



# ETR in Germany 1999-2003 (I)

- Revenue-neutral shift of tax burden from labor taxes to energy taxes
  
- 5 major yearly steps between 1999 and 2003
  
- Energy taxation
  - Increase of taxes on fossil fuels used for transport and heating
  - New tax on electricity
  - Phasing in by announced and small increases
  - Special provisions for energy-intensive production
  - Reduced rates for environmentally-friendly technology / renewable energy



## ETR in Germany 1999-2003 (II)

- Germany faced high labour costs and unemployment
  
- Revenues were used as follows:
  - 86% for reduction of social security contributions
  - ~6% for supporting renewable and energy efficiency
  - ~8% as contribution to general budget

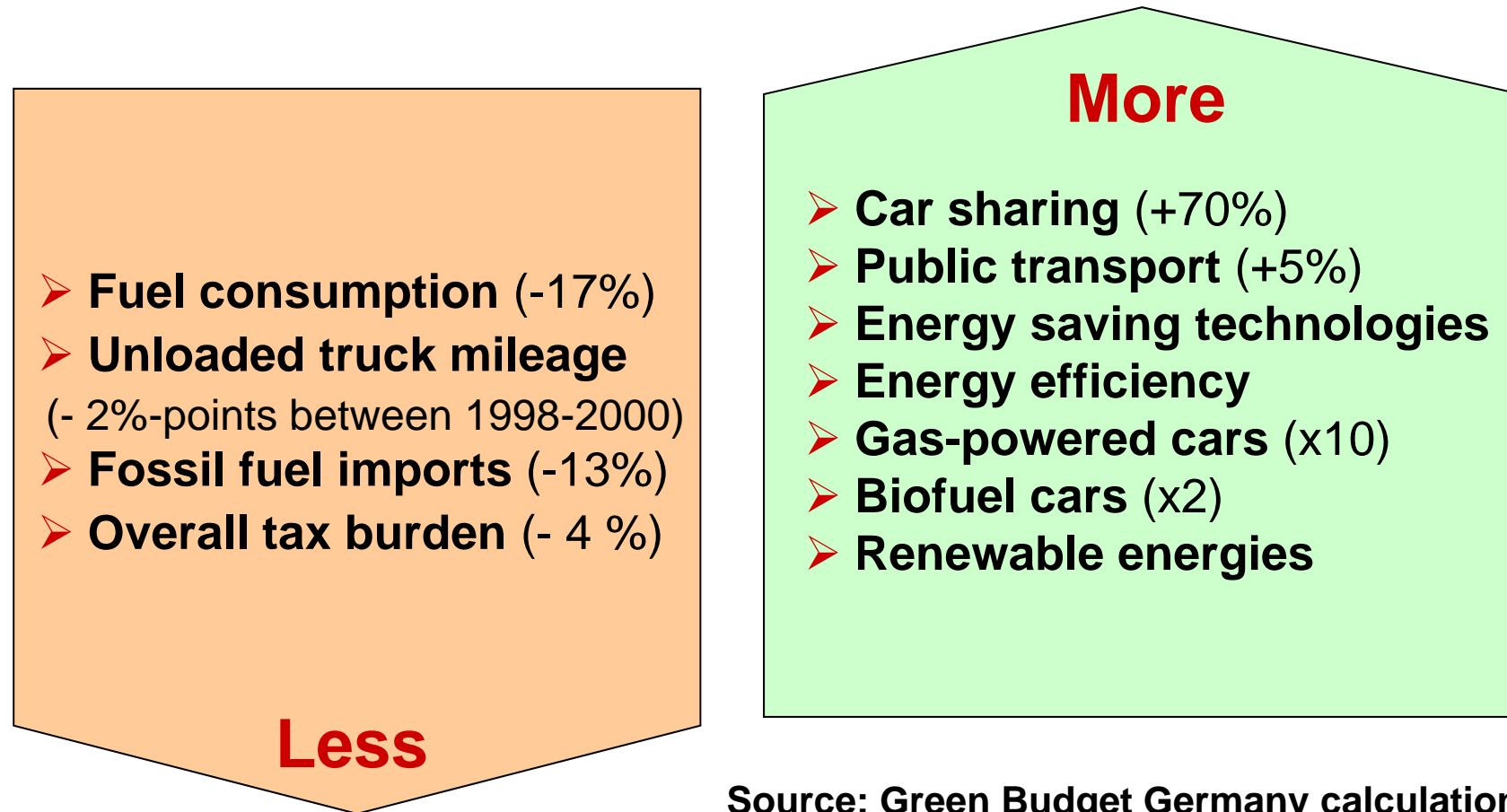
Campaigns highlighted  
the advantages of the  
Ecotax



**effective climate protection is  
profitable and protects the  
environment**



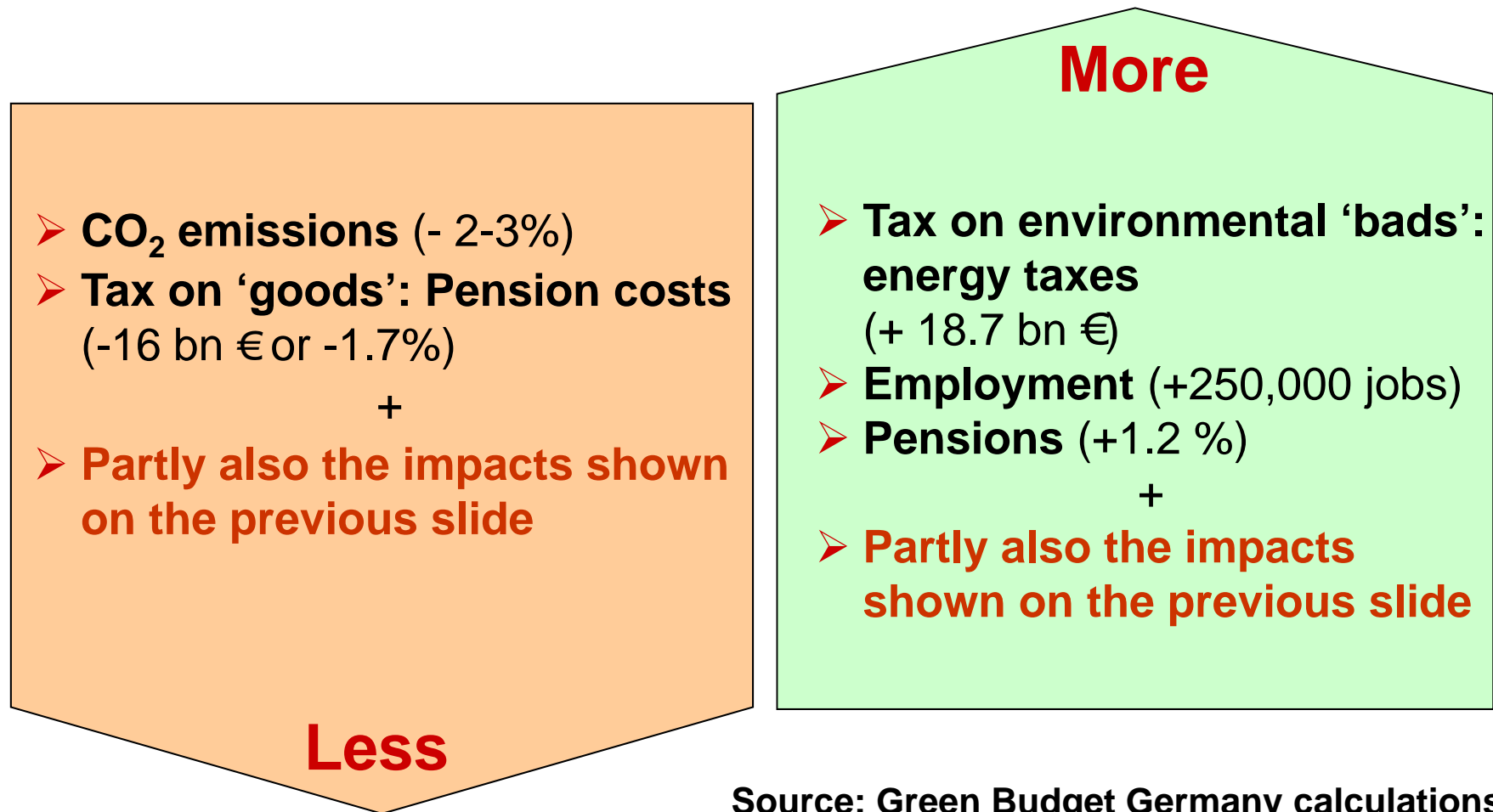
# Overall impacts of energy price increases (including ETR) in 2003



Source: Green Budget Germany calculations



## Direct impacts of ETR only in 2003



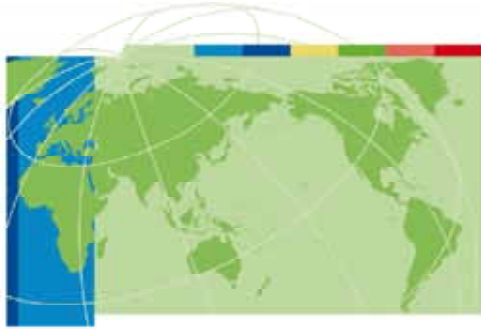
Source: Green Budget Germany calculations



## Monitoring and enforcement in Germany

- **Reports were elaborated and published** to evaluate the impacts of the reform including recommendations to correct and fine tune certain aspects
- **Enforcement and monitoring** did not constitute major problems
- Public **administration costs were only around 0.13%** of all ETR revenues.





#### Environmental Fiscal Reform

A Practice-Orientated Training for Policy Makers,  
Administration Officials, Consultants and NGO Representatives

TRAINING MANUAL

August 2008

**gtz**



## GTZ EFR Training Course

- Developed as a result of the Global Conference on Environmental Taxation in 2007 together with Green Budget Germany responding to a demand by policy makers
- Building on the OECD Guidelines and using the Harvard Business School Methodology of experimental learning
- Flexible design:
  - **Kick off workshop** for awareness raising with project partners / stakeholders: 1-3 h training
  - **In depth training** including the elaboration of an action plan: 1-3 days of training, depending on the number of modules and case studies
- Sectors: Industrial Pollution, Transport, Fossil Fuels and Energy, Waste Management



# Contact

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