

## **Seminar: Environmental Subsidy Reform, how to tackle harmful subsidies**

Prague, Friday, November 21<sup>st</sup> 2003

*Seminar venue: Restaurace Galerie Manes  
Masarykovo nabrezi 250 Praha 1  
Connection – tram 17, stop: Jiraskovo namesti*

- **Co-organisers**

EEB,

- **Rationale for the organisation of this seminar**

In its European campaign for Environmental Fiscal Reform (EFR)<sup>1</sup>, the EEB demands as a second priority the “removal or reform of all environmentally adverse subsidies”. Indeed, implementing a tax shift from labour to the use of natural resources while maintaining environmentally adverse subsidies would not offer much environmental, nor fiscal, coherence. Subsidy removal is an important condition for getting prices right for the environment and for making the market work for more sustainability.

Subsidies (either through direct payments or tax rebates) amounted in 1998 to 44 billion US \$ for the industry, and 362 billion US \$ for agriculture in OECD countries (OECD). Energy subsidies in the EU were estimated at 27 billion euros yearly<sup>2</sup>. Two studies<sup>3</sup> estimate the total amount of environmentally adverse subsidies at about a trillion USD per year. Moreover, the economic sectors involved are those most implicated in greenhouse gases emissions, as well as air and water pollution.

Removing environmentally adverse subsidies offers a “win win” scenario: it helps the environment, and increases economic efficiency. The OECD estimates that removing coal producer grant and price supports (including market entry barriers) could save 100 m tons CO<sub>2</sub> per year by 2010 in OECD countries, and also reduce acid gas emissions. A study by Larsen and Shah (1994) showed that removing world energy subsidies of 230 billion \$ could lead to a reduction of 21 % of CO<sub>2</sub> emissions. An IEA study (1999) simulated that the removal of consumer subsidies in Russia, China and 6 other countries could produce a reduction of 16 % of CO<sub>2</sub> emissions.

- **Objectives:**

- promote subsidy reform as an important instrument to combat climate change and the depletion of natural resources

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<sup>1</sup> see [www.ecotax.info](http://www.ecotax.info)

<sup>2</sup> Energy subsidies in the EU (Frans Oosterhuis, IVM), report commissioned by the European Parliament, 2001.

<sup>3</sup> Van Beers & de Moors, Myers & Kent, CBD; in OECD, 2000, p. 36. (ENV/EPOC/GEEI(2000)8)

- promote subsidy reform as an instrument to move towards greater sustainability in a cost effective way
- exchange information on subsidies and increase awareness
- create a synergy between speakers and the public in order to favour initiatives
- hear about existing public policies in terms of environmental subsidy reform
- hear about NGO actions against environmentally adverse subsidies
- discuss a NGO methodology for acting against environmentally adverse subsidies
- present the EEB position paper on environmentally adverse subsidies

## Agenda

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*chaired by*

### **09.00-09.30 Registration**

#### **09.30-09.45 1. Introduction** EEB Roberto Ferrigno

- motivation for this seminar

#### **09.45-10.15 2. The EEB position** Roberto Ferrigno

- the EEB campaign on Environmental Fiscal Reform
- why NGOs should campaign against environmentally harmful subsidies
- EEB position paper

#### **10.15-11.00 3. State of play on environmentally harmful subsidies**

Andre de Moor, RIVM *invited*

- scale of subsidies, research and evidence
- reasons for so many subsidies
- problems with subsidy reform

### **11.00-11.15 Coffee break**

#### **11.15-12.00 4. The work of the OECD on environmentally harmful subsidies**

Anthony Cox, OECD *confirmed*

- how to define environmental harmful subsidies?
- do all OECD members agree on the same definition?
- are national budget transparent enough?
- OECD work programme on environmentally harmful subsidies

#### **12.00-13.00 5. Discussion**

- definition of environmental harmful subsidies
- obstacles for subsidy reform
- how to go beyond endless debates on definition, and tackle identification and real reform?

### **13.00-14.00 Lunch break**

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## 14.00-15.15 6. National environmental subsidy reform

- do we have examples of existing concrete policy at national level?
- governments' willingness to tackle environmentally harmful subsidies
- have some governments undertaken thorough identification, and even better, concrete action, i.e. elimination or phasing-out?
- if so, is the motivation really environmental, or more budgetary?
- what cooperation between Environment and Finance ministries?
- what role for the Environment Ministry?

Presentations by:

- German Environment Agency *invited*
- Swedish Environment Ministry *invited*
- Jan Pieters, Senior Economic Advisor (Dutch Ministry of Housing, Spatial Planning and the Environment) *invited*
- Ulrike Eteme (Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management) *invited*

Discussion

## 15.15.-15.30 Coffee break

## 15.30-16.30 7. NGO actions

Presentations by :

- Erich Pica (Friends of the Earth USA): *the Green Scissors Campaign* *invited*
- Sven Rudolph (Friends of the Earth Germany): *NGO actions for subsidy reform in Germany* *invited*
- Zoltan Szabo (Clean Air Action Group, Hungary): *Green Budget Reform actions in Hungary* *confirmed*

Discussion

## 16.30-18.00 8. Work session

### **What methodology for NGO actions against environmentally harmful subsidies?**

- how to tackle subsidies? How to effectively lobby against them?
- should NGOs do the identification themselves or leave this part to research institutes, international organisations or governments?
- how to rally the public?
- what media impact?
- what action at national level, what action at EU level, what coordination between both?
- should subsidy actions be undertaken within broad EFR or Green Budget campaigns, or as a separate campaign?
- is not there a risk subsidy reform campaign creates a rift between environmental NGOs on the one side and unions and social NGOs on the other side?
- is not there a risk environment protection is used to serve other ideological purposes?