

## Green paper on market-based instruments for environment and energy related policy purposes

*Timo Makela*



European Commission  
DG Environment

Berlin, 14 May 2007

### Rationale:

- Pollution as a market failure paid by the whole society
- a greener industrial paradigm implies policy makers to step in and make sure that polluter pays
- MBI as cost-effective way to protect the environment and promote greener production & products
- MBI as a complement to regulation

### MBI - Good Examples:

- EU ETS
- Denmark: packaging tax
- Ireland: tax on plastic bags
- Netherlands: national trading scheme to reduce emissions of nitrogen oxides
- MS' experiences with environmental tax reform

### The Green Paper

- explores more intensive use of MBI at both Community and national levels:
  - water pricing
  - instruments to encourage sustainable waste management
  - habitat banking to protect biodiversity
  - trading instruments to reduce local air pollution
  - instruments to reduce the environmental impact of transport.

## The Green Paper

- explores ways forward with the Energy Taxation Directive
- preferential treatment of energy-intensive industries may have to be reviewed, while safeguarding international competitiveness concerns
- exchange of best practice among MS as a very useful way forward
- reform of environmentally harmful subsidies

The Green Paper raises a number of questions on the issues above.

You are invited to send your reactions to:

[Green-paper-mbi@ec.europa.eu](mailto:Green-paper-mbi@ec.europa.eu)

by 31 July 2007.

Thank You

Timo.Makela@ec.europa.eu