

CONTENT OF THIS PRESENTATION

We've come to our next topic:

- Executive Summary/ Introducing Green Budget
- The challenge ahead – from bathtub to bathtub

- *Red-Green Ecotax Reform: facts and figures*
- Some lessons from the German ETR debate
- Some remarks about the instrument debate
- A global perspective – epilogue with monkeys

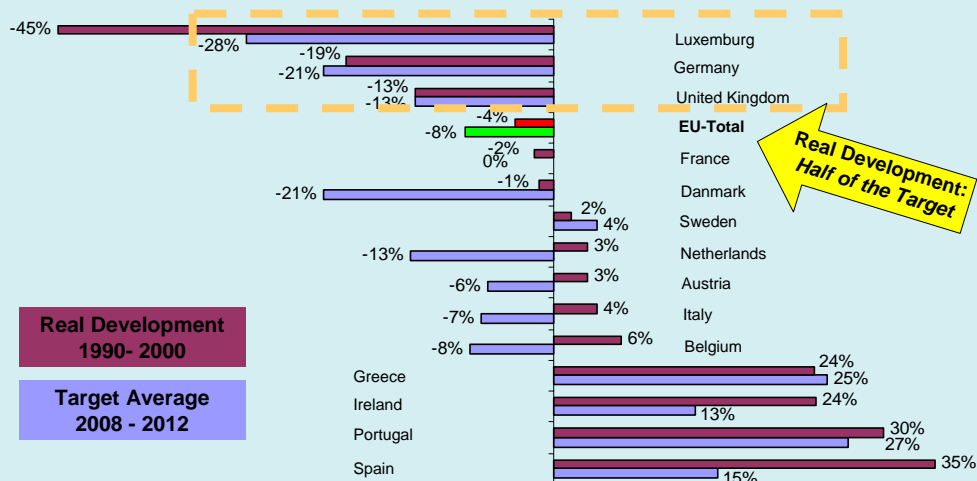
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German Ecotax Reform and Japan – Exhibit 21

AGREED AND REAL REDUCTIONS OF GREENHOUSE GASES (BASIS 1990)

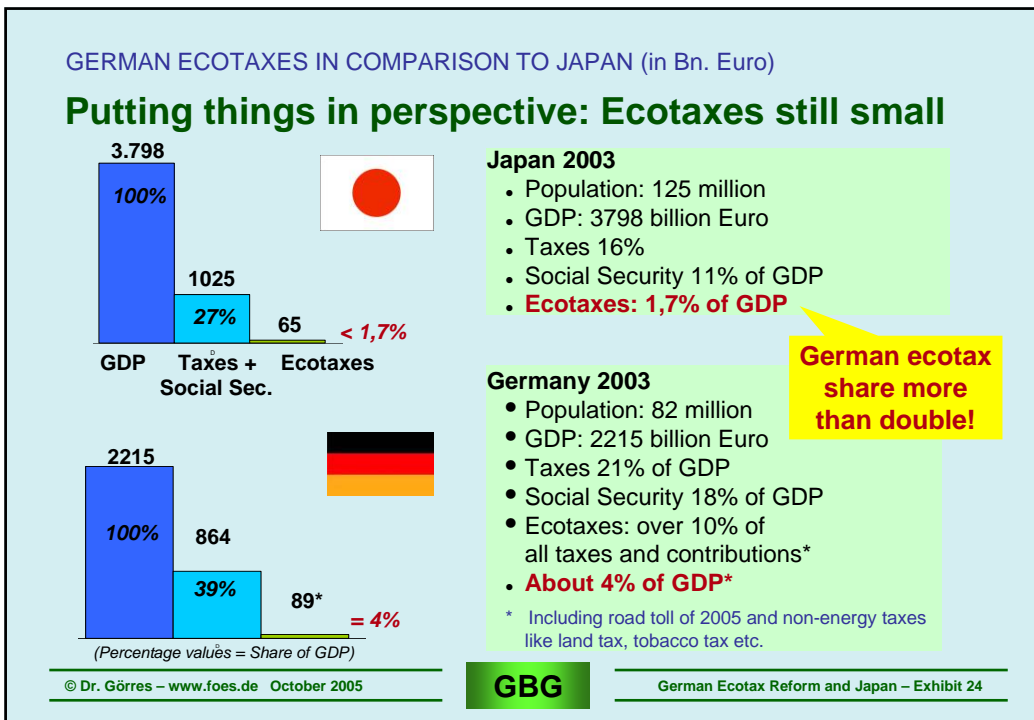
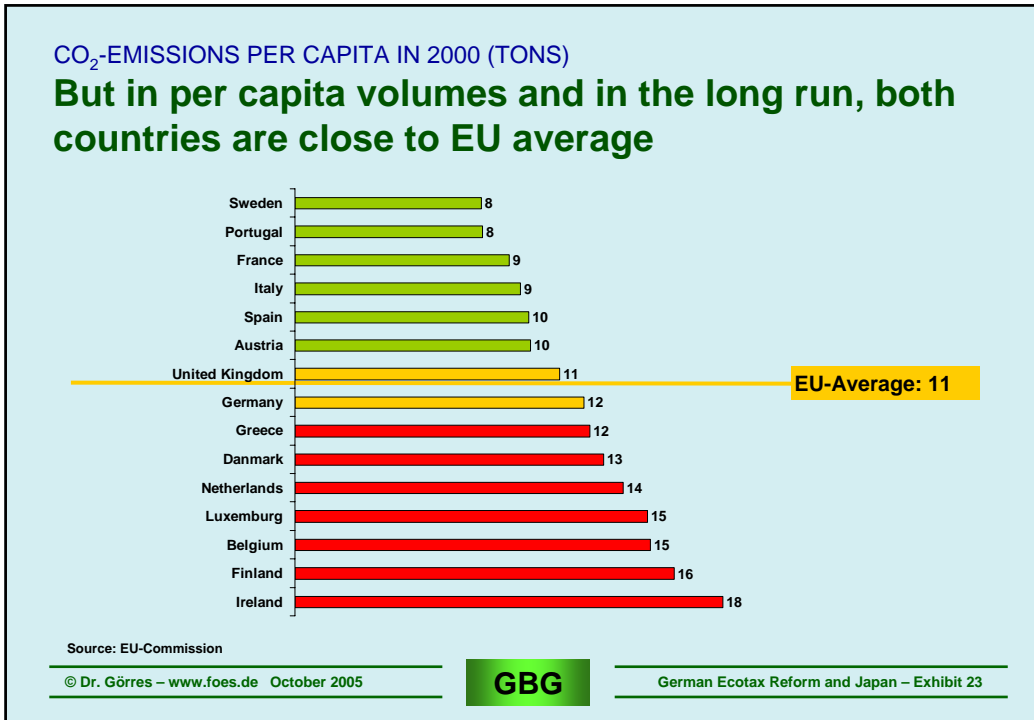
Within the EU, the UK and D set a shining example

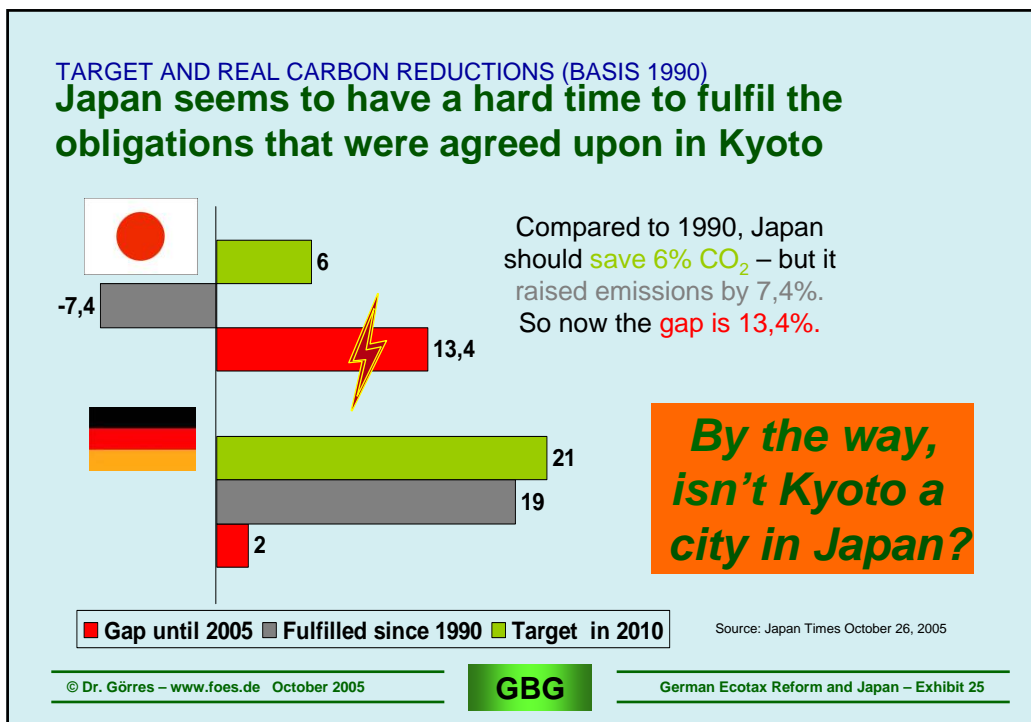


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EXECUTIVE SUMMARY (0)  
**German ETR fulfilled its promises for economy and ecology, but was less successful in political terms**

Effects	Pos.	Neg.	Comment
Economical	+++	-	None of the dire predictions came true!
Environmental	++++	-	It did what it promised, with a little help from oil prices
Political	+	----	Remained a net burden despite of good debate start
<b>IN TOTAL</b>	++++ ++++	---- -	<b>WE MUST IMPROVE THE POLITICAL MARKETING!</b>

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OVERVIEW GERMAN ETR  
**Germany's Social-Ecological Tax Reform: What did we do?**

**Steady tax increases 1999-2003:**

- Diesel/Petrol: +3,07 Ct/litre p.a. 1999-2003
- Electricity: +1.02 Ct/kWh in 1999  
+0.26 Ct/kWh p.a. 2000-2003

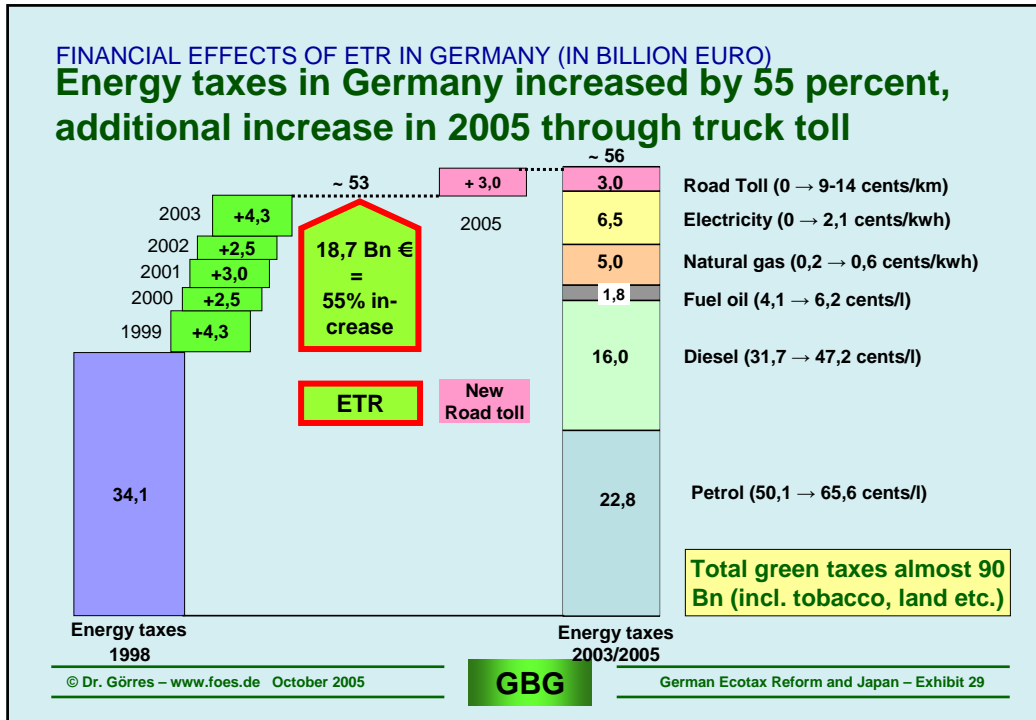
**Single tax increases (only once or twice):**

- Natural gas: +0.16 Ct/kWh in 1999  
+0.20 Ct/kWh in 2003
- Light heating fuel: +2,05 Ct/litre in 1999

**Special provisions with reduced rates for industry, railways, public transport, energy intensive firms**

**Revenues in 2004: 18.7 bn € (= 2% of total contributions); mainly used to reduce social security payments**

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**TAX RATES ON ENERGY 1998 – 2004 (EURO CENT PER UNIT ENERGY)**  
**Most energy taxes were increased by high percentages**

Energy source	Unit	1998	2003	Δ
		prior to ecotax	after ecotax	99-03
Petrol	litre	50.1	65.6	15,5
Diesel	litre	31.7	47.2	15,5
Heating oil	litre	4.1	6.2	2,1
Natural gas	kWh	0.2	0.6	0,4
Electricity	kWh	-	2.1	2,1

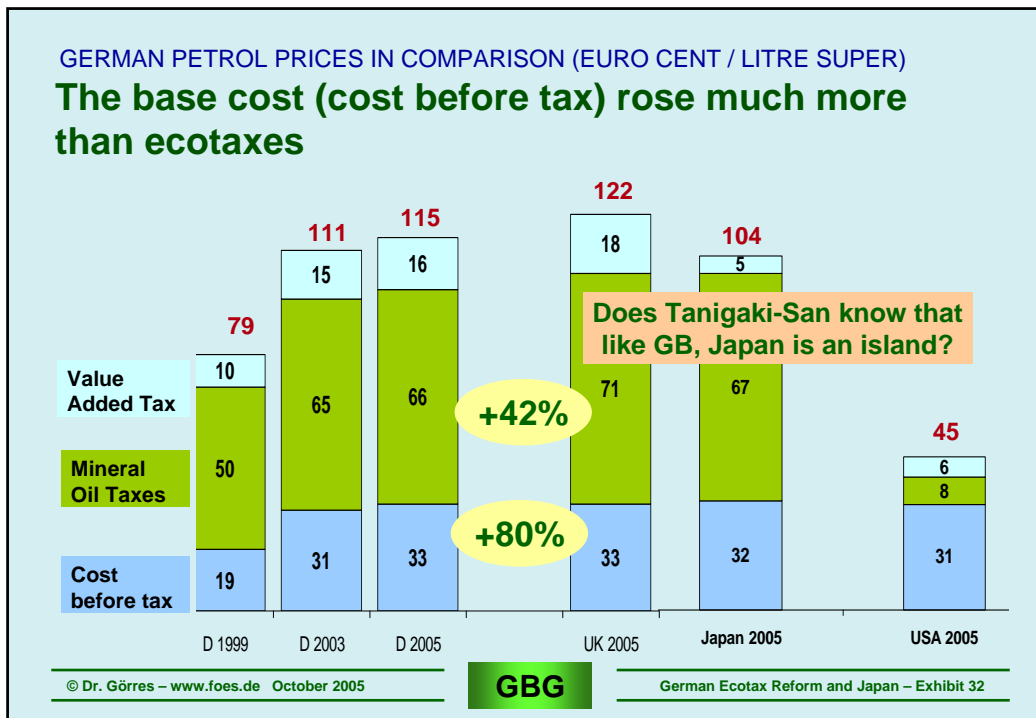
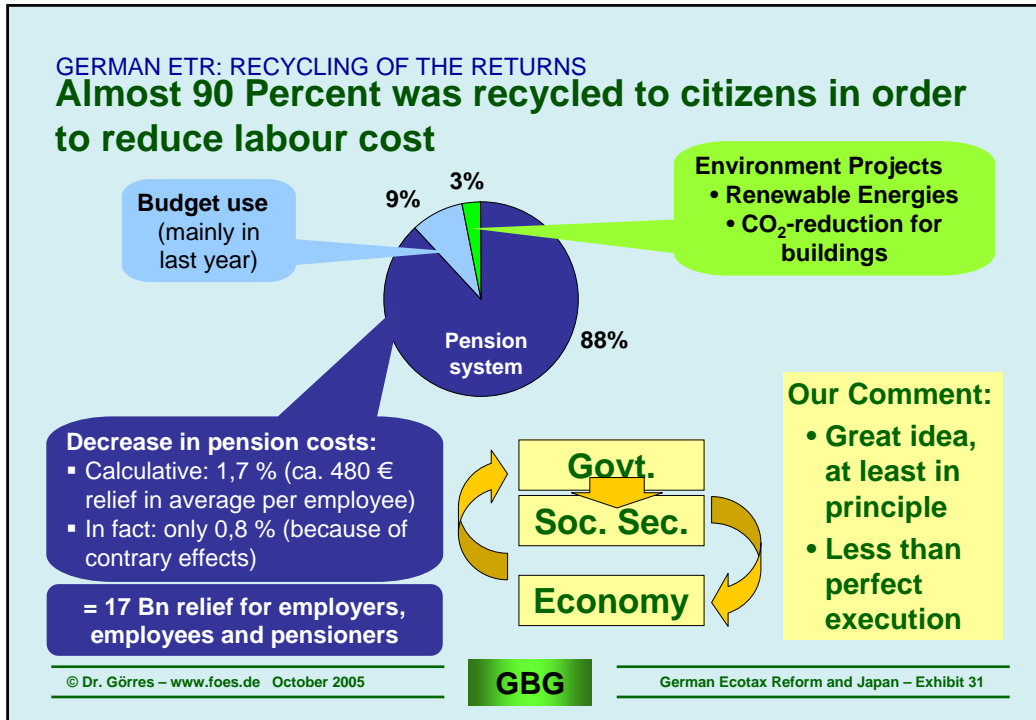
31% increase (Petrol)

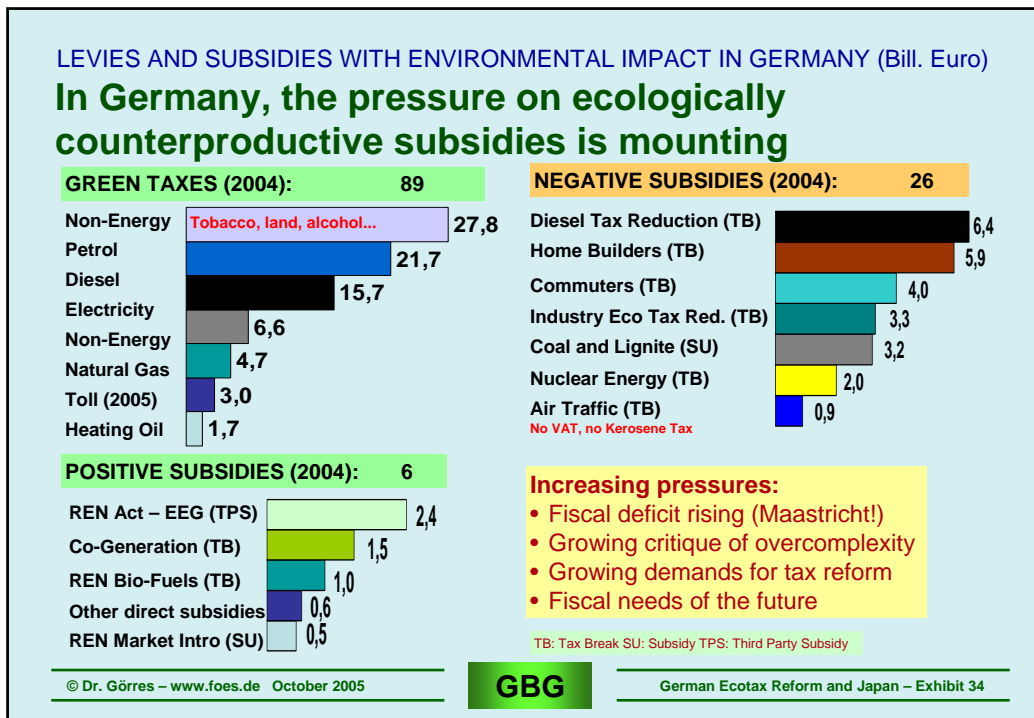
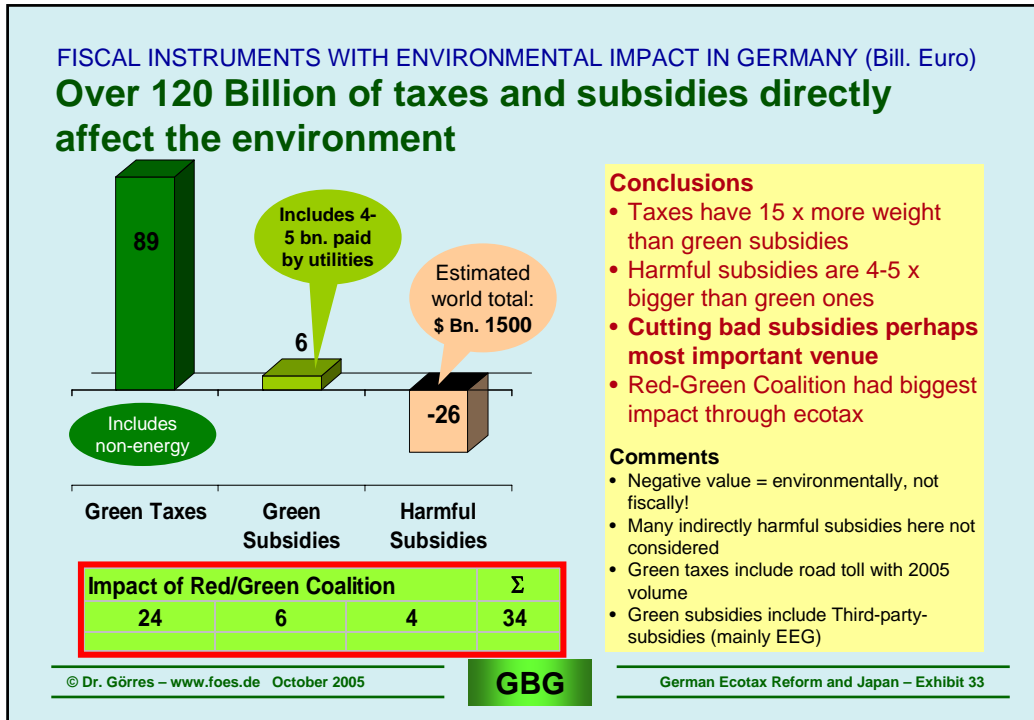
49% increase (Diesel)

51% increase (Heating oil)

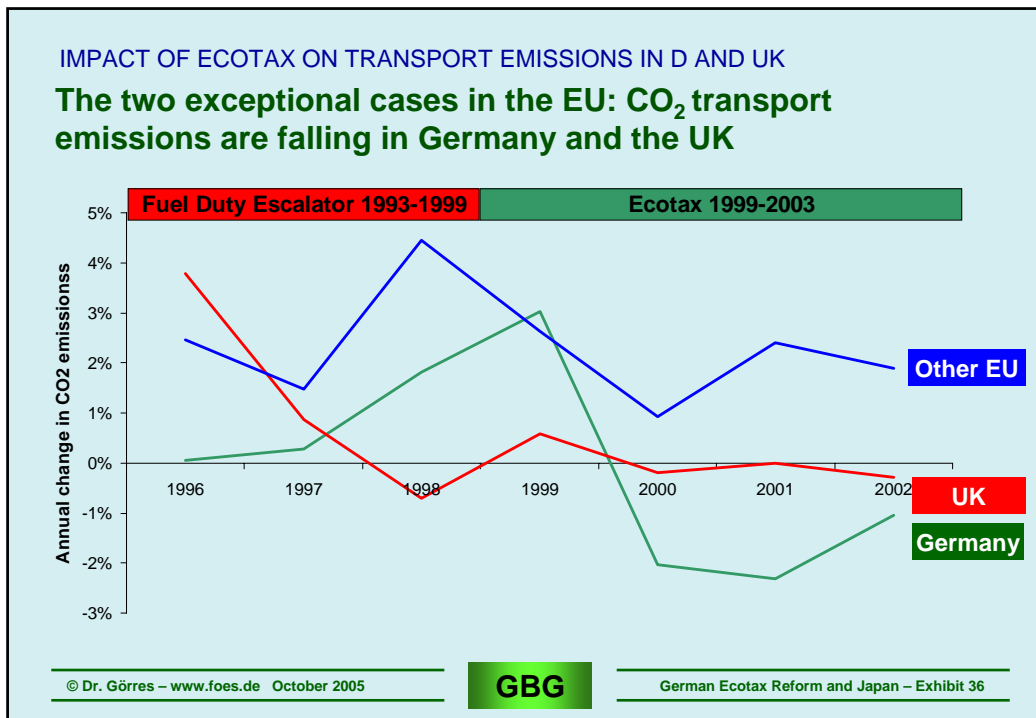
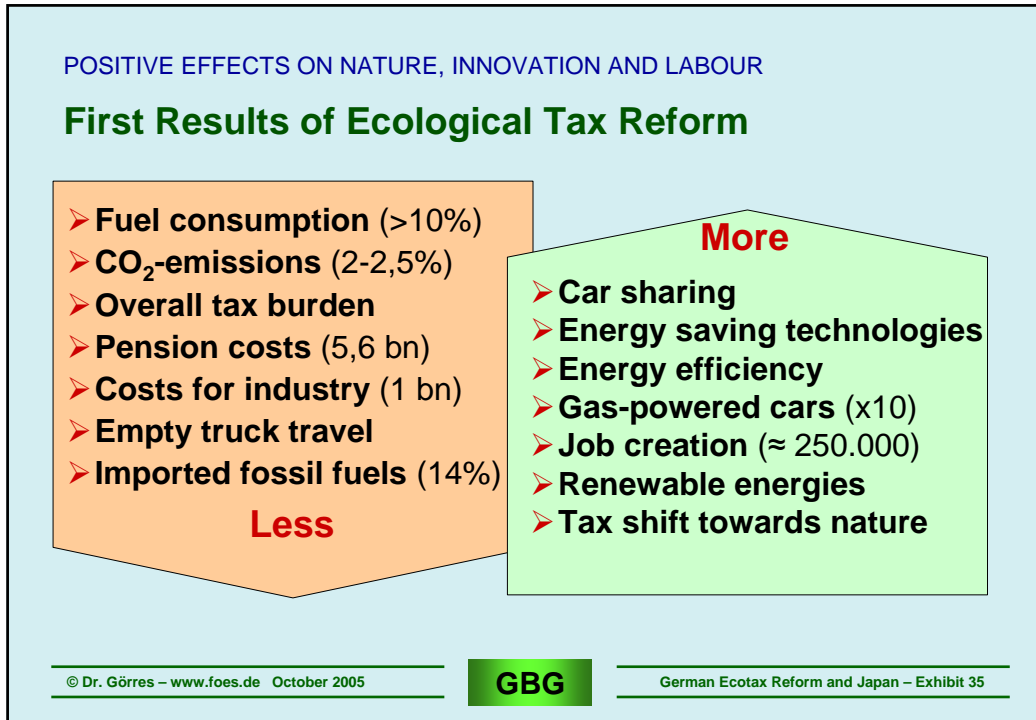
200% increase (Electricity)

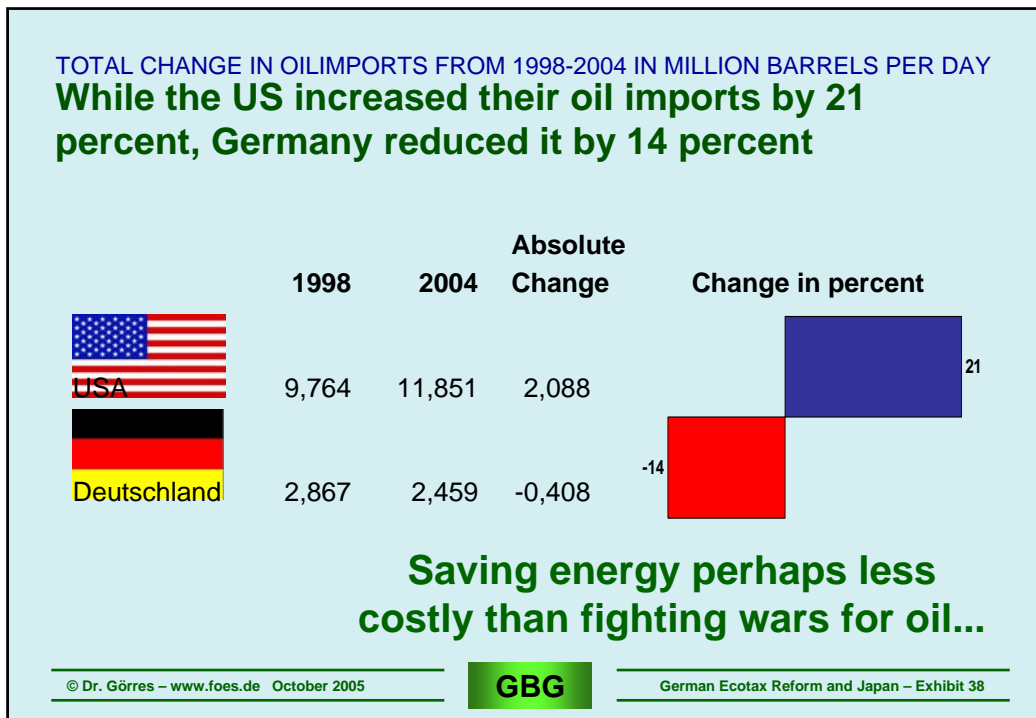
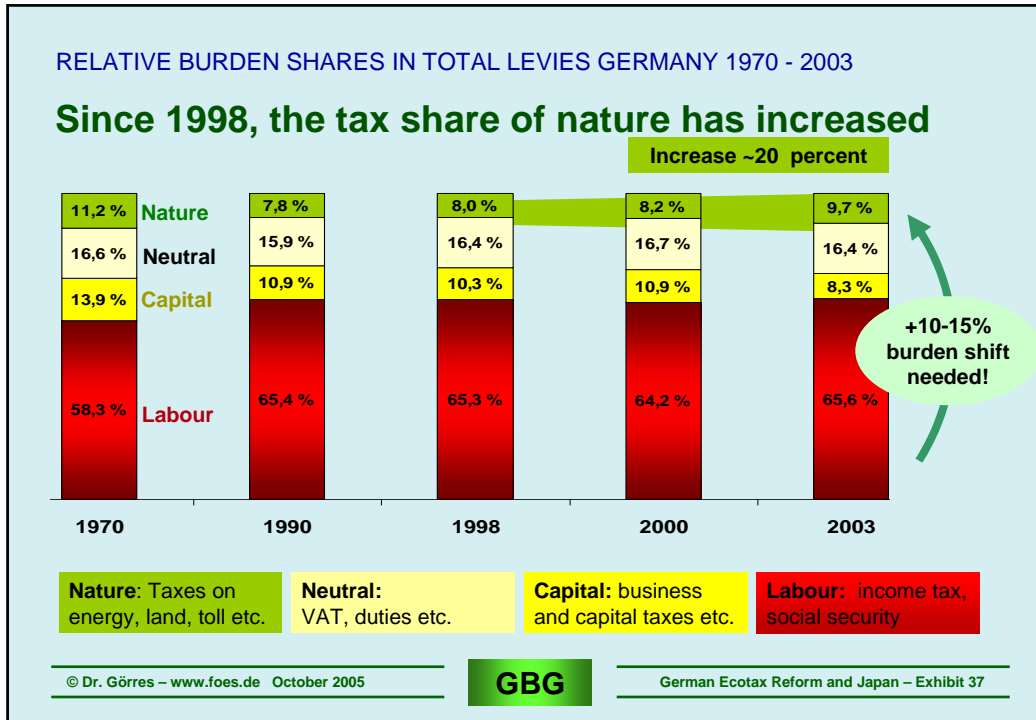
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BRIEF HISTORY OF ETR IN GERMANY

Only 20 years from textbook to lawbook

(Pigou: 1924)

- 1978** First proposal Hans Christoph **Binswanger**, Swiss economist
- 1980ies** Politicians, parties, **NGOs** like BUND, and others discover the concept (e.g. Prof. Ernst von **Weizsäcker**). Radical approaches even advocate **total substitution of conventional taxes** through ETR (UPI)
- 1990ies** **Double Dividend Debate**. Social Democrats and Greens take ETR into their programmes, but unification distracts from the debate
- 1994** **FÖS/GBG** presents **first FÖS-Memorandum** after DIW-study financed by **Greenpeace**. Both claim: Double dividend is possible. Second round of intensive political debate – in theory, all parties are in favour. But **Helmut Kohl** wins election and freezes debate.
- 1998** **Green Party** triggers third round of debate with demand for **fuel price to 5 DEM/litre**. ETR becomes important issue in 1998 campaign
- 1998** **Gerhard Schröder** leads **Red-Green Coalition** to its first victory.
- 1999** On April 1st, **German ETR enters into effect – after two decades**.