



Competitiveness Effects of Environmental Tax Reforms

Dissemination seminar

Date and location

22 May 2007

Conference room at Ministry of the Environment of the Czech Republic

Participants

The invitation accepted 25 participants. Besides the project partners, representatives of ministries of the environment and finance from CR as well as from abroad, officials within the frame of the State Environment Fund of CR, employees of private companies concerning this field. Among students there were learners of partner universities – the University of Economics in Prague (IEEP) and Faculty of Social Science of the Charles University. For the list of participants see Annex 1.

Programme

Programme in English is referred-to in the Annex 2.

Part I:

Competitiveness Effect of Environmental Tax Reforms

After introductory word by Prof. Jiřina Jílková, principal investigator of the project from VŠE, came on Prof. Mikael Skou Andersen (NERI, project coordinator) and Hector Pollitt (Cambridge Econometrics) with their own presentations as well as with presentations of results of the other experts working within the project.

Prof. M. A. Andersen;

- Environmental taxation and competitiveness
- Possible strategies for mitigation of competitiveness effects
- Market structure analysis by John Fitz Gerald and Susan Scott (ESRI) - Price-setters or price-takers?
- The European Glass Industry from an Environmental Economic Viewpoint by Edward Christie (WIIW)

H. Pollitt;

- The Effect of ETR on International Competitiveness in the European Union: modelling with E3ME (Energy-Environment-Economy Model for Europe)
- Avoiding dangerous climate change through environmental tax reform: existing research and COMETR” by Terry Baker (Cambridge Econometrics)

During the consequent open discussions Eva Kraav (MoE, Estonia) referred to rather slight effect of Environmental Tax Reforms (ETR) on GDP (like an exception Finland was presented). Hector Pollitt noticed that energy is less important input than the general confidence is. Catastrophic consequences of the ETR introduction on economy were by exact research methods rather disaffirmed contrary to real fateful impacts of increasing air pollution (remark by Prof. Andersen).

The substantial concern was induced by discussion about the relation between ETR and Emissions Trading Scheme (ETS) Hector Pollitt and Prof. Andersen admitted a certain additional effect – similar to normal fuel price increase. ETR compared with ETS goes across all industries and affects all resources. For the E3ME model used for purposes of Cometr project the effect of ETS was counted like constant till 2012.

Mark Bamber (MoE, Malta) was interested in recommendations for New Member States which can currently draw from the experience of the searched countries and he also called attention to need of discussion about the tool suitability of ETR – if there are any more effective ways in order to achieve the objectives of ETR than taxation is.

Part II:

Environmental Tax Reforms implemented in New Member States

The programme was opened by Ing. Růt Bízková (deputy of the minister of environment) who was followed by

Ing. Jarmila Zimmermannová;

- Ecological Tax Reform in the Czech Republic and Mgr. Luděk Pur

- Expected impacts of the first phase of the environmental tax reform as proposed in the Czech republic with effect from 2008 on

The last was introduced “Estonian Ecological Tax Reform” by Silja Lüksik (MoE, Estonia).

Regarding the Czech ETR Mgr. Luděk Pur and Ing. Ondřej Vojáček (VŠE) mentioned the problem of the car taxation which was said to affect in the first place the low-income groups and which lack the basic assumptions – e.g the elasticity of demand.

Annex 2: COMETR workshop, 22 may 2007

Ministry of the Environment of the Czech Republic, conference room no.900

PROGRAMME

- 8.30–9.00 Presentation (in foyer)

I. COMPETITIVENESS EFFECTS OF ENVIRONMENTAL TAX REFORMS

Results of the project

- 9.00–9.15 Introduction: Prof. Ing. Jiřina Jílková, CSc., IEEP VŠE
- 9.15–11.00 Prof. Dr. Mikael Skou Andersen, DMU NERI, Hector Pollitt, Cambridge
Econometrics
- 11.00–11.30 Discussion
- 11.30–12.00 Coffee break & refreshment

II. ENVIRONMENTAL TAX REFORMS IMPLEMENTED IN NEW MEMBER STATES

- 12.00–12.15 Introduction: Ing. Růt Bízková, MoE of CR ETR in the Czech Republic
- 12.15–13.00 Ing. Jarmila Zimmermannová, Mgr. Luděk Pur, MoE of CR
- 13.00–13.15 Discussion
- 13.15–13.45 Coffee break & refreshment
- 13.45–14.45 Eva Kraav, Silja Lüpsik, MoE of Estonia
- 14.45–15.00 Open Discussion
- 15.00 Conclusion