



Response of ES-SO, the European Solar Shading Organization to the

GREEN PAPER

on market-based instruments for environment and related policy purposes

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Introduction

ES-SO, the European Solar-Shading Organization, is a non-profit organization under the Belgian Law, established in 1860 MEISE, Naessenslaan 9. Its official Belgian enterprise number is 872.682.571. ES-SO is the umbrella of the European solar shading trade organizations. Solar shading is an energy-efficient building technique which consists of controlling solar heat gain in buildings, which reduces or eliminates the need for artificial cooling. Solar shading also greatly enhances visual comfort of office workers which is to the benefit of productivity. Solar shading takes the form of external roller blinds or louvers, external Venetians, internal shades of all kinds, roller shutters and curtains.

ES-SO wants to contribute its reaction to the Green Paper on MBI as listed below. Wherever the subjects are outside our field of competence, we have replied with 'no comment'. We thank you for your attention.

To the questions:

What are the areas and options for the further use of market-based instruments at EU or national level?

It seems to us to be recommendable to first deepen, strengthen and optimise the existing MBI 's before extending the areas of application. In a second step one could envisage to enlarge the scope of a given area e.g. extending the ETS to the CO₂-emission by buildings (starting with the large buildings – public buildings to lead by example, eventually relating to the CO₂-emission of housing).

Could market-based instruments be used in a way that promotes competitiveness, and does not impose an undue burden on consumers, in particular citizens with a low-income, but at the same time ensures revenue for public budgets?

One should make sure that local employment is a key decision factor when judging different MBI measures. Citizens accept more easily the extra cost of increased energy/environmental taxation when they can hope to see a benefit to their own job security and that of their local community (extra business and jobs for their Country, Region, City or Village).

Citizens with a low income should not be exempt from higher energy prices since they also use plenty of energy in their households. The drive to consume less energy should be most accentuated in the population with lower income.

MBI 's should (preferably) not be used as a means to enlarge the public (spending) budget since taxpayers will resent extra taxes without a clearly defined benefit to help solving the climate and energy challenges.

Should the EU more actively pursue taxation to further Community policy purposes (in addition to fiscal objectives)? Is this the right response to current global challenges and the fiscal needs of national budgets?

MBI 's could form a sound socially acceptable basis to open the discussion on direct specific European taxes (on top, outside the individual Member State Taxation). Global issues call for global instruments (at least in Europe that has engaged itself to a leading role).

Should the EU more actively promote environmental tax reforms at national level?

How could the Commission best facilitate such reforms? Can it for example offer some kind of co-ordination process or procedure?

Europe should first check to which extent the installation of European environmental tax reforms can be arranged for. In case such European Tax approach cannot be agreed upon, the EU should convince Member States to accept a binding coordination role by the relevant EU Authorities.

Would the establishment of the abovementioned MBI Forum be useful to stimulate exchanges of experience/best practice on Environmental Tax Reform between Member States? How could it be organised in an optimal way? How should it be composed to avoid potential overlap with existing structures?

The MBI Forum could be set up by using an interactive top-down and bottom-up exchange procedure. The EU should take the lead in that process.

How does the need to reduce the tax burden on labour in many Member States fit with the objective to promote innovation and to support research and development in order to shift towards a "greener" economy? How can this be achieved while at the same time respecting the budgetary neutrality?

Extra taxation of energy consuming products/services or environmental damaging products/services will create by itself new business opportunities while the search to avoid that extra taxation will result in an innovation process of new products and services with less taxation. Subsidies could be used in parallel to stimulate that process, however utmost care should be exercised to make sure that subsidies will not be perceived as unfair competitive measures. Subsidizing could be linked to the level of local employment.

Would a more significant tax shift towards environmentally damaging activities be the right answer?

Yes

What is, in the light of national experiences, the best way to advance the process of reforming environmentally-harmful subsidies?

The best way to proceed would be to have a phase-out scheme for environmentally-harmful subsidies (e.g. less 10% per year).

Should the Energy Taxation Directive be reviewed to make a clearer link to the policy objectives the Directive integrates, in particular in the field of environment and energy?

Of course, the only way forward should be an integrated approach in the field of energy and environment (especially climate change) with keen attention for the impacts (impact assessment).

Would this make energy taxation a more effective instrument by better combining the incentive effects of taxation with the ability to generate revenue?

Incentive effects should be the first priority, not the generation of (additional) revenue.

Is splitting the minimum levels of taxation between energy and environmental counterparts the best way for doing so? What would be the pros and cons and the main practical aspects of such an approach? Would the environmental incentive created by energy taxation be a sufficient and adequate response to reflect the objectives of the energy policy in the field of biofuels, including the creation of a market-based incentive for second generation biofuels? Is there a need for additional taxation addressing the remaining environmental aspects of electricity production (if any)? Is the proposed approach sufficient to favour uptake of electricity of renewable origin? What is the impact of such a Community framework for electricity of nuclear origin (bearing in mind the differing approaches at national level towards the use of nuclear energy)?

Energy and environmental taxation do form a decision pair (both aspects to be evaluated at the same time). Taxation reforms should be in line with, and a reinforcement of, the EU climate change and energy package 'political' decisions.

Would the suggested changes to the Energy Taxation Directive and the proposed approach to

its scope be the best solution for ensuring coherence between the Directive and EU ETS? Are there other options to achieve this objective?

In any case, one cannot accept that the fear for potential overlap of instruments blocks their progress.

What are the potential options that should be explored in order to provide the necessary incentives to encourage the EU's trading partners to undertake effective measures to abate greenhouse gas emissions?

EU's trading partners should be given the opportunity to learn from, and take part in, Europe's MBI schemes (at cost covering fee, but without violating intellectual property rights).

What would be the best MBI to tackle emissions from shipping, taking into account the specific nature of maritime transport? How could it be best designed?

No comment

How can infrastructure charging, including considerations related to environmental costs, best be applied to transport modes? Should this model apply to all transport modes, or take into account specificities of each transport mode? To what extent should the Eurovignette directive be used in this respect?

No comment

How can the Commission most effectively ensure implementation of the water pricing policies set out in the Water Framework Directive? What options could be explored to reinforce the links between investments in national water projects and the introduction of corresponding water pricing to provide incentives for users and avoid distorting competition?

No comment.

If there is insufficient progress to divert waste away from landfill, should the Commission consider proposing a harmonised landfill tax with EU-wide minimum rates?

No comment.

Does the Community legal framework provide sufficient scope for Member States to use MBI to address waste management issues? Should the Commission facilitate the application of MBI in this area, e.g. through supporting exchanges of information?

No comment.

Should the Member States make a more intensive use of these types of instruments? Should, in particular, "payments for environmental services" be used more intensively to achieve environmental objectives? And should the scope for introducing systems of biodiversity offsets at Community level, e.g. wetland banking, be further examined?

No comment.

Do you see scope for using cross border emissions trading schemes between groups of Member States to combat conventional air pollution through SO₂ and NO_x?

ETS for non-CO₂ emissions (air pollution) should of course be envisaged to help cope with the harmful air pollution. Care should be taken to make sure that the different ETS-schemes are not counterproductive.

How should such a system be designed to fit with national taxes and charges that are applied in several Member States?

This issue should possibly be handled in a specific Forum

Meise, 13 July 2007

For ES-SO vzw, the European Solar Shading Organization (www.es-so.com)

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