Green taxation: environmental taxes and charges in the single market

1997/2050(COS) - 20/05/1998

The Commission should promote the use of certain environmental levies (taxes) in Member States, the Committee urged when it unanimously adopted a resolution drafted by Mr Karl Erik OLSSON (ELDR, S) on a Commission communication on the subject. In his report under the consultation procedure, Mr Olsson points out that environmental taxes can correct false price signals in the market by incorporating the costs of pollution and other environmental costs into prices. The result would be to reduce pollution and the non-sustainable use of natural resources. Advocating a shift in taxation from labour to the environment, the resolution adopted requests the Commission to propose EU environmental levies for specific products, such as cars, fuels, pesticides, batteries and packaging. The Commission is also asked to produce a study into the use of environmental levies for water, energy, transport, packaging, construction, chemical pesticides, fertilizers and chlorinated compounds. A tax on carbon dioxide emissions should be introduced without delay and hidden subsidies for heavily polluting economic processes or products should be abolished. The resolution recognizes, however, that the use of environmental levies could distort competition between those Member States which introduced them and those which did not, thus making it desirable for such levies to be introduced by all Member States together. "It is in the interest of all Member States to avoid a renationalization of environmental policy and to view this communication as an incentive for a common environmental policy in the fiscal sphere," it said. The committee also believes that it is important for the European Union to promote the use of environmental taxes internationally, eg in the World Trade Organisation. In addition, the Commission should survey the environmental taxes levied in the candidate countries of central and eastern Europe. The resolution notes that the Court of Justice has so far interpreted environmental levies very restrictively within the Community's legal framework. It requests the Commission to assess the compatibility of environmental taxes in Member States with EU legislation. In the event of conflict between the internal market and the environment, the Commission should use its scope for interpretation to benefit environmental policy.