



**Challenges and opportunities for the MFF
in light of the Paris Climate Agreement objectives**

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Background

- Currently, 86% of the EU budget is financed by *de facto* national contributions, leading to strong sentiments in MS and Council
- Genuine own resources could increase EP's role and ownership during budget negotiations
- The EU budget should have a steering impact to sustainability by disincentivizing activities that are harmful to the environment
- EU revenues should support the policy coherence of EU actions



Options for new own resources:

- Road fuel tax
- Carbon tax
- Energy taxes
- Green customs duties
- ETS revenue and plastics tax

Potential new own resources

- **Road fuel tax** could:

- Reduce emissions
- Correct the diesel-petrol gap
- Reduce fuel tourism
- Address externalities, such as congestion and air pollution

- **Carbon tax** could:

- Tackle GHG emissions not covered by EU ETS
- Show EU's commitment to Paris agreement and UN SDGs
- Direct consumers and producers to low-carbon alternatives

- **Energy taxes** could:

- Increase energy efficiency and energy saving
- Generate stable and sufficient revenue to own resources

- **Green customs** duties could:

- Offset the price advantage caused by lower environmental standards
- Ensure consistency between environmental and trade goals

- **ETS revenue and plastic tax:**

- Complement some of the existing own resources

Other aspects to be considered in the MFF

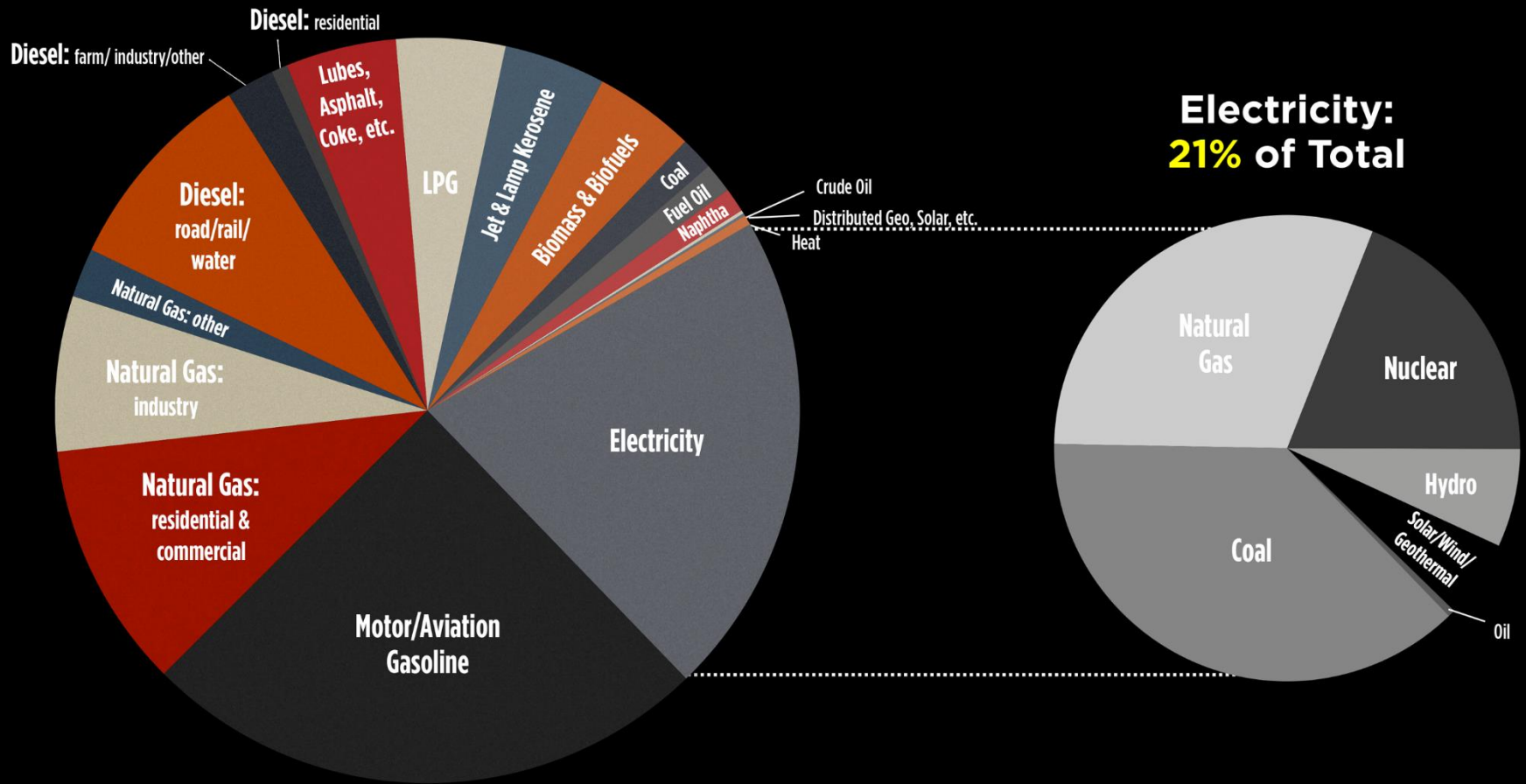
- All activities financed under the MFF should comply with its international pledges
- These horizontal objectives should be integrated in the three main policy areas financed by the EU: CAP, structural funds and FP9
- Environmental taxes could further enhance these objectives by providing a political signal to show which direction the EU is aiming at



- 72% of EU's energy consumption was based on oil, gas and coal in 2016 => this should be brought down to zero by 2050 if we are to comply with Paris agreement

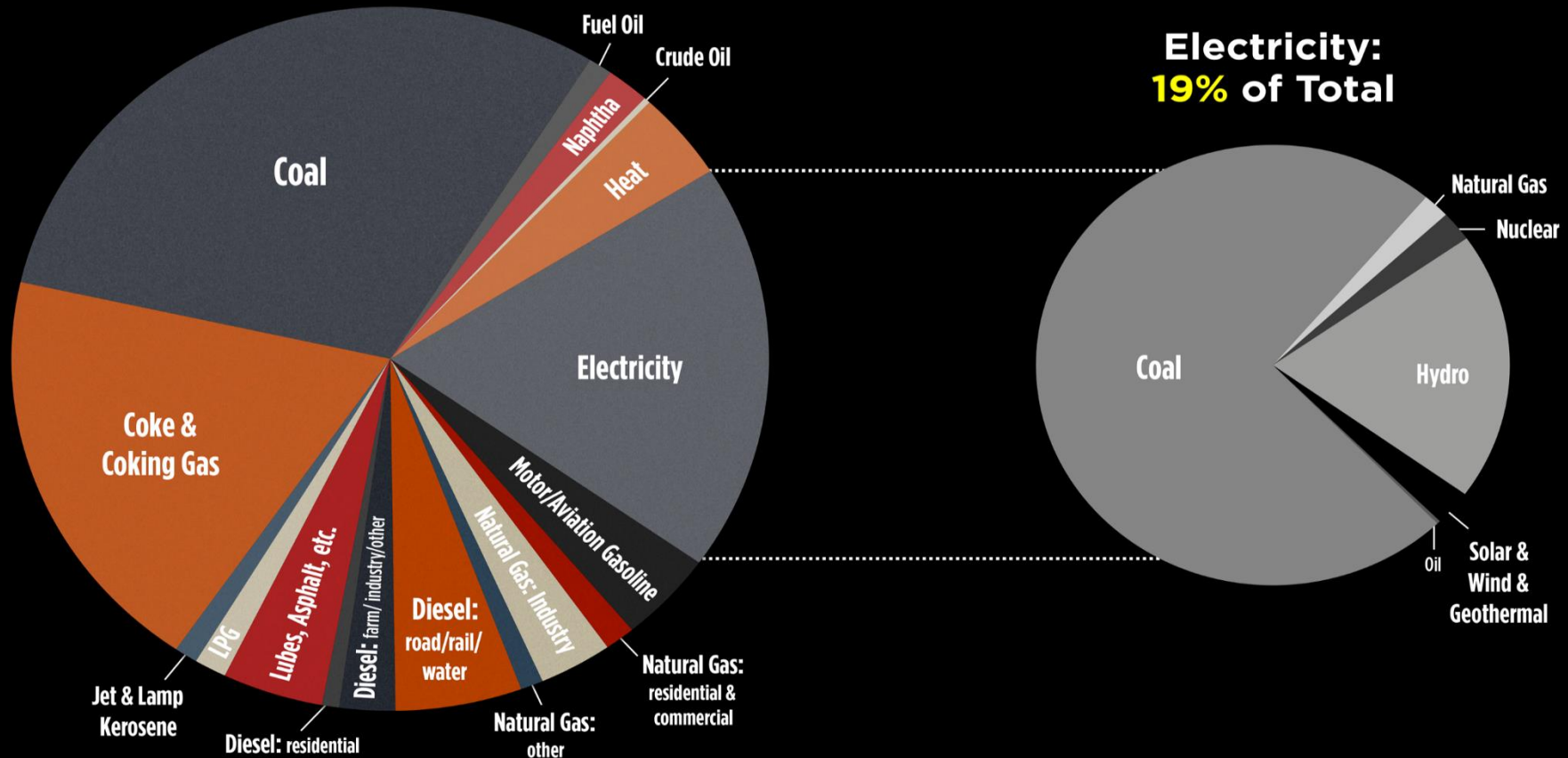
Challenges of energy transition in USA

U.S. Final Energy Consumption (2012): 1.5 billion metric tons oil equivalent



Challenges of energy transition in China

China Final Energy Consumption (2012): **2.1** billion metric tons oil equivalent





EUROPEAN EXPERT PLATFORM ON ENVIRONMENTAL TAXATION AND GREEN FISCAL REFORM

Thank you for your attention!

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