



EUROPEAN PARLIAMENT

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Committee on Industry, Research and Energy

2010/2105(INI)

2.12.2010

OPINION

of the Committee on Industry, Research and Energy

for the Committee on Economic and Monetary Affairs

on innovative financing at a global and European level
(2010/2105(INI))

Rapporteur: Marian-Jean Marinescu

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SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Points out that successful implementation of the targets in the energy and climate package requires substantial financial commitment, in particular investment in innovation and research, and new ways of supplementing existing financing for initiatives tackling climate change, energy and raw materials' supply challenges; stresses, therefore, the added value of adopting new financial instruments which serve a dual purpose by striking a balance between, on the one hand, the creation of necessary new resources and, on the other, the formulation of basic policies on the functioning of the markets, sustainable development, security of energy supply and climate change; welcomes, in connection with this, efforts by the Commission to find innovative means of financing and encourages Member States to explore ways of shifting taxation systems so they are based on carbon emissions, as this would create both revenues for the budgetary authorities and climate-friendly incentives for consumers and industry, thus lowering carbon emissions in the environment; highlights the importance of reprioritisation of existing means and of an appropriate regulatory framework incentivising private investment;
2. Draws attention, bearing in mind the rising energy demand in the emerging countries, to the EU's imperative need to come up with adequate investments in energy supply and efficiency that will strengthen its energy infrastructure and reduce as much as possible dependency on market fluctuations which could have negative consequences on the EU's economy and the EU 2020 objectives;
3. Points out that climate change will affect developing countries in particular and takes the view that funding measures to alleviate the effects of climate change and reduce energy poverty will contribute to achieving the Millennium Development Goals;
4. Acknowledges that forms of carbon tax already exist in some Member States and warns of the risk they pose to competition in the single market; believes in the greater benefit of introducing carbon taxation in a coordinated manner, based on an evaluation of Member States' best practices as well as on a thorough impact assessment; calls on the Commission to recommend possible instruments coordinating carbon taxation for non-ETS sectors at EU level which could be based on agreed EU minimum rates; calls on Member States to inform the other Member States in the Council before adopting unilateral measures;
5. Points out that gradually shifting the tax burden to pollution activities could, in the long run, reduce other taxes and labour costs, thus increasing the EU's competitiveness;
6. Calls on Member States to consider allocating revenues from climate change taxation to finance R&D and measures aimed at reducing carbon emissions and combating global warming, stimulating energy efficiency, tackling energy poverty and improving energy infrastructure in the EU and in developing countries; recalls, in this context, that under the ETS Directive at least 50 % of revenues from carbon dioxide emission auctioning

under the EU ETS should be earmarked for measures to combat climate change, including in the developing countries;

7. Notes that revolving financial instruments for energy efficiency measures represent an innovative way of financing climate-friendly projects; welcomes the creation of a dedicated financial facility which could also attract private investors (within the framework of public private partnerships (PPPs)) to use uncommitted funds from the EEPR Regulation to support energy efficiency and renewable initiatives; asks the Commission to assess carefully the effectiveness of this instrument and to analyse the potential for applying a similar approach, including initiatives on energy, energy efficiency and raw materials, to future unspent funds in the EU budget;
8. Notes the potential merits of 'EU project bonds' for financing new infrastructure, including energy infrastructure, which could have an effective European added value; calls, however, upon the Commission and the European Central Bank to investigate the impact such bonds would have on financial markets, transparency, risk-taking and responsibility in the market as well as the budgetary implications for Member States of financing critical infrastructure projects via EU project bonds or Euro-bonds, especially where such infrastructure projects have a transnational reach;
9. Welcomes efforts by the Commission and the Member States to investigate innovative ways of achieving investment in European infrastructure and fostering innovation; notes the comments of the EIB on 23 September 2010 in its 'Report on the Action undertaken in response to the Resolution of the European Parliament' regarding the European Commission's proposal to increase to 10 % or 20 % the volume of the EU budget dedicated, through financial instruments, to leveraging funds; recognises the need for public sector investment to complement and enhance private sector funding where possible, but is however aware that the use of special-purpose vehicles for financing projects can result in increased off-balance sheet liabilities as well as increased cost of capital for European institutions, the European Union or Member States; believes such measures should be accompanied by fully transparent disclosure with appropriate investment guidelines, risk management, exposure limits, scrutiny and surveillance procedures, all to be established in a democratically accountable manner;
10. Notes the importance of energy efficiency and urges accordingly the Commission and Member States to make effective use of the structural funds to increase energy efficiency in buildings, in particular residences; calls for the effective use of funding by the EIB and other public funding bodies, as well as coordination between EU and national funds and other forms of assistance which could leverage investment in energy efficiency with a view to achieving EU objectives;
11. Reminds Member States of the possibility of applying reduced rates of VAT for services offering home improvement and enhanced energy efficiency;
12. Is of the opinion that any EU initiative in the field of financial activity taxation should be properly assessed on its implications for the real economy in terms of passing through of costs and access to finance; takes note of concerns that unilateral measures to combat climate change may affect the competitiveness of European industries; considers also that an economic use of resources and innovation in green technologies are of major

importance in terms of competitiveness;

13. Stresses that innovative financial instruments should be used to support public private partnerships and should be envisaged as an alternative to pure public spending as a way to leverage funds and address market failure.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	2.12.2010
Result of final vote	+: 37 -: 4 0: 7
Members present for the final vote	Jean-Pierre Audy, Zigmantas Balčytis, Ivo Belet, Jan Březina, Reinhard Bütikofer, Maria Da Graça Carvalho, Jorgo Chatzimarkakis, Giles Chichester, Pilar del Castillo Vera, Ioan Enciu, Adam Gierek, Fiona Hall, Jacky Hénin, Edit Herczog, Romana Jordan Cizelj, Arturs Krišjānis Kariņš, Béla Kovács, Marisa Matias, Judith A. Merkies, Angelika Niebler, Jaroslav Paška, Herbert Reul, Teresa Riera Madurell, Jens Rohde, Paul Rübig, Amalia Sartori, Francisco Sosa Wagner, Konrad Szymański, Britta Thomsen, Evžen Tošenovský, Ioannis A. Tsoukalas, Claude Turmes, Vladimir Urutchev, Alejo Vidal-Quadras
Substitute(s) present for the final vote	Antonio Cancian, Françoise Grossetête, Andrzej Grzyb, Jolanta Emilia Hibner, Yannick Jadot, Oriol Junqueras Vies, Ivailo Kalfin, Bernd Lange, Werner Langen, Marian-Jean Marinescu, Vladimír Remek, Silvia-Adriana Țicău
Substitute(s) under Rule 187(2) present for the final vote	Spyros Danellis, Morten Messerschmidt