

## PUBLICATION

Report  
Climate  
Energy  
Policy Assessment  
Sustainability

# Implications of Environmental Tax Reform in Europe for Household Distribution



A Policy for Green Growth

Edited by  
Paul Ekins and Stefan Speck

[1]

In a literature review, Ecologic Institute examined the effects of environmental tax reforms on the distribution of wealth among different population groups. The review, which contributed to a study commissioned by the European Environment Agency, was included in a book publication offering in-depth assessments of experiences with environmental tax reforms and the benefits such a reform could bring about when implemented at a larger scale throughout Europe.

Environmental tax reform (ETR) is commonly understood as a package of measures combining an increase of taxes on energy or natural resources with a revenue-redistribution component. The latter may consist of alleviating the tax burden in other areas and/or targeted governmental spending to offset the income effects created by environmental taxes. As a consequence, ETR can produce at least four different types of impacts, each of which may be distributed unequally across society: the price increase for the

taxed goods; the impact of revenue recycling; the broader economic impacts of ETR; and its environmental effects.

The contribution from Ecologic Institute reviews evidence on the distributional impacts of ETR along these different pathways and suggests a number of conclusions regarding adequate policy design. It is followed by the results of modelling studies analysing the distributional impacts of a comprehensive ETR in all countries of the European Union, as well as a detailed modelling case study for Germany. Results demonstrate that ETR is an effective means to reach environmental objectives while creating an overall positive income and employment effect. Nevertheless, lower income groups may experience disproportionately smaller income gains or even net losses. Even though these regressive effects may be small in absolute terms, adequate ways of compensation should be found in order to build political acceptance.

The analysis of distributional impacts, which resulted from a project commissioned by the [European Environmental Agency](#) [2] (EEA), forms part of a [book](#) [3] presenting findings that are essentially derived from the [PETRE](#) [4] ("Resource Productivity, Environmental Tax Reform and Sustainable Growth in Europe") project funded by the [Anglo-German Foundation](#) [5].

### **Main Link**

Implications of Environmental Tax Reform in Europe for Household Distribution

### **Ecologic Related Articles**

- Tax Reform in Europe: long-term implications for the environment, eco-innovation and household distribution
- Distributional Impacts of Environment-related Taxes and Environmental Tax Reform
- Environmental Tax Reform - Insights from a biodiversity protection perspective

---

### **Citation**

Blobel, D., Gerdes, H., Pollitt, H., Barton, J., Drosdowski, T., Lutz, C., Wolter, M.I. & Ekins, P. (2011): Implications of ETR in Europe for Household Distribution. In: Ekins, P. & Speck, S. (eds.): Environmental Tax Reform (ETR) - A Policy for Green Growth. Oxford/New York: Oxford University Press, pp. 236-290.

### **Language**

English

### **Author(s)**

Daniel Blobel  
Holger Gerdes

### **Publisher**

- University of Oxford, United Kingdom

### **Year**

2011

**Published In**

Environmental Tax Reform (ETR) – A Policy for Green Growth

**ISBN**

978-0-19-958450-5

**Dimension**

54 pp.

**Table of Contents**

The Need and Rationale for Environmental Tax Reform

1: Paul Ekins: Introduction to the Issues and the Book

2: Stefan Giljum, Christian Lutz, Ariane Jungnitz, Martin Bruckner, Friedrich Hinterberger: European Resource Use and Resource Productivity in a Global Context

3: Paolo Agnolucci: Energy Consumption and CO<sup>2</sup> Emissions in the German and British Industrial Sectors

4: Paolo Agnolucci: Is Environmental Tax Reform an Appropriate Policy for Industrial Sectors with Different Energy Intensities? An Analysis of UK Sub-Sectors Experiences in Environmental Tax Reform

5: Stefan Speck, Philip Summerton, Daniel Lee, Kirsten Wiebe: Environmental Taxes and ETRs in Europe: The Current Situation and a Review of the Modelling Literature

6: Petr Sauer, Ondrej Vojáček, Jaroslav Klusák, Jarmila Zimmermannová: Introducing Environmental Tax Reform: the Case of the Czech Republic

7: Paolo Agnolucci: The Effect of the German and UK Environmental Tax Reforms on the Demand for Labour and Energy

A European ETR for Growth and Sustainability

8: Terry Barker, Christian Lutz, Bernd Meyer, and Hector Pollitt: Models for Projecting an ETR

9: Terry Barker, Christian Lutz, Bernd Meyer, Hector Pollitt, and Stefan Speck: Modelling an ETR for Europe

10: Daniel Blobel, Holger Gerdes, Hector Pollitt, Jennifer Barton, Thomas Drosdowski, Christian Lutz, Marc Ingo Wolter and Paul Ekins: Implications of ETR in Europe for Household Distribution

11: Stefan Giljum, Christian Lutz, Christine Polzin: Global Economic and Environmental Impacts of an ETR in Europe

12: Martin Jänicke and Roland Zieschank: ETR and the Environment Industry Conclusions

13: Paul Ekins and Stefan Speck: ETR for Green Growth: Summary, Conclusions and Recommendations

**Keywords**

Environmental tax reform, ETR, environmental fiscal reform, environmental tax, energy tax, taxation, social justice, environmental justice, distributional effects, distributional impact, distributional implications, private households, employment, energy, climate change, climate policy, climate policies, energy policy, energy policies, resources, European Union, Germany

---

**Source URL (modified on 08/23/2018 - 07:00):** <https://www.ecologic.eu/4519>

**Links**

- [1] [https://www.ecologic.eu/sites/files/presentation/2015/cover-environmental-tax-reform\\_0.jpg](https://www.ecologic.eu/sites/files/presentation/2015/cover-environmental-tax-reform_0.jpg)
- [2] <https://www.eea.europa.eu/>
- [3] [https://global.oup.com/academic/product/academic/series/economics/csge/9780199584505?sortby=bookTitleAscend&page=1&thumbby=10&thumbby\\_crawl=10](https://global.oup.com/academic/product/academic/series/economics/csge/9780199584505?sortby=bookTitleAscend&page=1&thumbby=10&thumbby_crawl=10)
- [4] <http://www.petre.org.uk/>
- [5] <http://www.agf.org.uk/>