

# Ecotax championed, contested and still marginal in EU

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France's yellow vest protests were sparked by anger at an "ecotax", a hike in tax on petrol

Green taxes such as the one that France said Tuesday it would impose on plane tickets in 2020 are struggling to develop across the European

Union, where they frequently faces resistance and protests.

Here is some background on the difficult history of so-called ecotaxes:

## **Leaders and laggards**

In 2011 the European Commission envisaged that by "2020 a major shift from taxation of labour towards environmental taxation... will lead to a substantial increase in the share of environmental taxes in public revenues".

So far this has not come to pass. Since then the share of environmental tax revenues in the EU, which stood at 6.18 percent, has fallen almost every year.

Nonetheless, eco-taxes in 2017 generated around 369 billion euros (some \$303 billion).

Latvia leads the bloc in shifting towards ecotaxes, which accounted for 11.1 percent of the government's revenue in 2017, according to data from EU statistics authority Eurostat.

Slovenia and Greece also topped the list, generating respectively 10.1 percent and 9.5 percent of their revenue from ecotaxes, well above the EU country average of just under 6.0 percent.

By contrast, Luxembourg brings in the least revenue from ecotaxes at 4.3 percent. Germany, Belgium, France and Sweden all brought in less than 5.0 percent of their revenue via ecotaxes.

## **Existing ecotaxes**

Ecotaxes in Germany are based on reforms passed in 1999-2000. Germans now pay a tax on electricity of 6.41 cents per [kilowatt hour](#) that directly finances renewable energy infrastructure.

In Hungary, meanwhile, an ecotax is automatically charged through VAT on products that generate waste such as plastic bags, batteries, leaflets and packaging.

Bulgaria also charges ecotaxes on vehicle registration, ranging from 64 euros to 158 euros depending on the age of the car. This does not apply to [electric cars](#).

Greeks meanwhile have paid for [plastic bags](#) in supermarkets since January in a well-received measure, with experts noting a "significant" reduction in the number of bags used. The government says the [revenue](#) collected will be used in the recycling sector.

Energy in Latvia is heavily taxed: up to 509 euros per 1,000 litres for fuel oil, while coal is so highly taxed that it is virtually impossible to open a coal power plant. Tax on [natural gas](#), however, is lower.

## **Backlash and backtracking**

The French "yellow vest" protests, which were sparked by a proposed petrol tax hike, were the latest expression of opposition to ecotaxes.

After widespread demonstrations and road blockages in late 2018, the government scrapped the petrol tax set to be introduced in January.

In Bulgaria, where ecotaxes have generally been received without opposition, an attempt at raising annual taxes on vehicles more than 10 years old sparked public debate and the government was forced to backtrack. It decided instead to reduce taxes on new vehicles.

Protests broke out in Slovenia—a leader in ecotaxes—in 2014, over a rise in CO<sub>2</sub> emissions taxes. The government toned down the measure to avoid hitting major polluters too hard.

In Estonia, the shale oil industry managed to obtain a reduction in taxes for a few years.

And in Sweden, a carbon tax was a central issue in the 2018 legislative elections. The far-right Swedish Democrats came third in polls after basing part of its campaign on reducing the tax, notably for farmers following a drought.

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