



European Economic and Social Committee

PRESS

CES/14/25
25 March 2014

Moving towards a low-carbon economy: the EU should send strong, clear signals to markets

If the European Union is to achieve its objective of putting its economy onto a low carbon path, it must speed up the process, the EESC stated in its own-initiative opinion adopted on 25 March. This transformation will have to include a major expansion in renewable energy generation and substantial phasing down of coal. Swifter progress can be achieved through a combination of a clear, efficient regulatory framework and market-based instruments, such as environmental taxes.

Market-based instruments aim to set a price for environmentally polluting economic activities, in accordance with the "**polluter pays principle**", so as to reveal the true cost of production and consumption and reward resource-efficiency and sustainable behaviour. **Environmental fiscal reform is shifting taxation away from labour towards resource use.** As a result, it can correct market failures, improve economic efficiency, help develop new industries that provide sustainable and local jobs and create a clear, predictable environment for eco-innovative investments.

"At the moment, the use of market-based instruments in the EU is not sufficiently consistent and coherent. EU Member States do not fully exploit the opportunities that the transition to a low-carbon economy can offer in terms of innovation and modernisation in European industry and boosting employment," says [Martin Siecker](#), rapporteur for the EESC opinion on [Market-based instruments towards a resource-efficient and low-carbon economy in the EU](#).

"Energy pricing has become a sensitive issue due to the current financial and economic crisis and is perceived as a burden on recovery rather than part of the solution. This is far from the truth however: using market-based instruments to advance the transition to a resource-efficient and low-carbon economy will not only create a greener economy, it will also support economic recovery," concluded [Lutz Ribbe](#), co-rapporteur for the EESC opinion. Nowadays Europe imports over EUR 500 billion worth of gas and oil, partly from politically unstable regions. Replacing fuel imports with low-carbon energy generated in the EU would increase the resilience of the European economy and help keep value chains in Europe.

Environmental fiscal reform should become an integral and permanent part of the European Semester, centring on the adoption of appropriate carbon prices in the EU, at a globally agreed level. Particular emphasis should be placed on stimulating energy efficiency.

Member State cooperation

The Committee finds it unacceptable that unjustifiable environmentally harmful activities keep being subsidised in the EU, both through public budgets and through "external costs" which are not included in the pricing of the products. This practice distorts the level playing field for energy production by allowing harmful sources of energy, such as fossil and nuclear-based sources, to receive more subsidies than clean energy.

Investments by the private sector

The involvement of the private sector in the shift towards a more sustainable pattern of production and consumption of energy is crucial, the Committee argues. This can be achieved through the creation of innovative funds and financial instruments, as well as through the greening of banking standards in order to move private financing away from conventional to low-carbon and climate-resilient investments.

For more information, please contact:

EESC Press Unit

E-mail: press@eesc.europa.eu

Tel.: +32 2 546 9406

The European Economic and Social Committee represents the various economic and social components of organised civil society. It is an institutional consultative body established by the 1957 Treaty of Rome. Its consultative role enables its members, and hence the organisations they represent, to participate in the EU decision-making process. The Committee has 353 members from across Europe, who are appointed by the Council of the European Union.

Rue Belliard/Belliardstraat 99 – 1040 Bruxelles/Brussel – BELGIQUE/BELGIË

Tel. +32 25469406 – Fax +32 25469764

E-mail: press@eesc.europa.eu – Internet: www.eesc.europa.eu

Follow the EESC on   