



Belgian Federal Council for Sustainable Development (FRDO-CFDD)

Advice on Taxation within the Framework of Climate Change Policy

- **Advice issued at the initiative of the Council**
- **Drafted by the Energy and Climate working group**
- **Endorsed by the Council's Plenary Assembly, on October 19, 1999**

Summary

The Belgian Federal Council for Sustainable Development is of the opinion that a differentiated increase in taxation on the use of energy has a role to play among the measures that Belgium must apply in order to comply with its commitments within the framework of the Kyoto Protocol^{*}, as long as certain inseparable conditions are met simultaneously. This differentiated tax increase would send a vital message, encouraging consumers to make more rational use of energy and to reduce their emissions of greenhouse gases. The above mentioned conditions are set out in detail in the advice and include:

- Differentiation of the tax increase depending on the user and the form of energy in question, the latter differentiation to be made on the basis of environmental criteria.
- Use of the revenue generated by this higher taxation on energy to promote social, environmental and/or economic objectives to the benefit of consumers and producers.
- Specific measures for low-income families.
- Measures to prevent negative effects on companies' competitiveness and to prevent company relocations (which merely move greenhouse emissions somewhere else).
- Steps to avoid endangering the financial equilibrium of the social security system.
- The gradual introduction of this tax increase, accompanied by clear explanations, and simplicity of application.
- The implementation of measures to accompany the tax increase, focusing on provision of information and public awareness.

^{*} The Belgian Petroleum Federation does not subscribe to this position.