Environmental Fiscal Reform
A Conference Hosted by the OECD and the
German Ministry for Environment, Nature Conservation and Nuclear Safety.
Berlin, Germany, 27 June 2002

Economic instruments – including environmentally related taxes – have proven effective to help OECD
countries meet environmental challenges. These instruments make firms and households consider the costs on
the environment when they make production and consumption decisions, and induce polluters to develop better
abatement technologies.

While all OECD countries have introduced a variety of environmentally related taxes, an increasing
number of countries, in particular in the EU, have implemented comprehensive environmental fiscal reforms. In
such reforms, new or increased environmentally related taxes – and a removal of environmentally harmful
subsidies – are combined with a reduction of distortionary taxes, such as taxes on labour.

However, further progress is hindered by two main obstacles: the fear of reduced international
competitiveness of the most affected sectors and a possible negative impact on the income distribution. To
address these obstacles, OECD will host an open international conference in Berlin, Germany, 27 June 2002, in

The conference will bring together about 100 tax and environment experts from governments,
academia, non-governmental organisations, industry and the public at large from about 20 countries. The
German Environment Minister, Mr. Jürgen Trittin, will give an introductory speech on Environmental Fiscal
Reform in Germany. The conference will focus on how – in practical terms – countries can progress on
removing the main obstacles to environmental fiscal reform. A background paper raising key issues for
discussion has been prepared, and experts from OECD Member countries have been invited to prepare
responses. (The documents, and additional details, are available at

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JT00128694