



Eliminating or transforming biodiversity damaging incentives and subsidies:

The Example of Germany

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The impacts of the reduction of harmful subsidies

It is important to note that all energy-/climate related measures also have generally positive impacts on biodiversity.

Raionale: The large impact of the climate crisis on biodiversity.

Yet, implementing the energy turn around can have severe negative impacts on biodiversity.

But the current fossil/nuclear system also has negative impacts which must not be neglected.

Hence, a balanced approach has to be pursued.



Already reduced Environmentally Harmful Subsidies

- **Environmental Tax Reform (1999-2003)**
- **Implementation of the EU-Energy Tax Directive 2004**
- **Heavy Goods Vehicle Charge (HGV Charge) 2005**
- **Abolition of the home owner support 2006**
- **Air ticket tax 2011**
- **Nuclear fuel tax 2011 (2016 abolished/repaid)**
- **Extension of the Heavy Goods vehicle Charge 2014**
- **Phase out of the hard coal subsidies 2018**
- **CO₂-Pricing 2021**
- **HGV Charge: 2023 Increase**
- **Common Agricultural Policy (CAP) 2023: More than 50% of the payments are linked to environmental/biodiversity criteria**
- **2024: Extension of the EU-ETS from 40% to 80% of greenhouse gas emissions (just passed the EU-Parliament)**



Recent political agreements of the coalition (28.03.2023)

- **Transport fuel taxation** should be oriented more towards its environmental and climate impact.
- The **heavy vehicle goods charge** (Lkw-Maut) should already be applied from 3,5 tons from 2024 on – crafts companies excluded
- **Railways should get 45 bn € for investment until 2027**, financed i.a. through a CO₂-supplement on the heavy goods vehicle charge which should be 200 €/t CO₂. Zero emission lorries should be exempted until end 2025 and afterwards pay only 25%.
- **Public peoples' local transport** – particularly in rural areas – and bike paths should be extended. Alternative motors of railways should receive support.
- **Synthetic fuels** (E-Fuels) should be used more intensively should be incentivised in the short term. The agreement between the German Government and the EU is to allow also beyond 2035 new cars with combustion engine, if run only on e-fuels.
- Much **more investment should be made for railways than for roads**. For roads the focus should be on maintenance and sanitation, e.g. for old bridges. For some road projects (#144) the Government will claim their »overwhelming public interest«. This should abolish congestion spots and bottlenecks.



Just for illustration:

Results based on a study from the Federal Agency for Nature Conservation
2019 (numbers not updated for today)

Biodiversity harmful subsidies in Germany (in billion Euros)

Housing and Transport	8.6
e.g. Commuting lump sum income tax reduction	
Tax subsidy for diesel (18 €-Cents/liter tax differential)	
Agriculture and bio-energy	13.5
e.g. Direct payments of the EU Common Agricultural Policy (CAP)	
Value Added Tax Reduction for animal products (meat, milk)	
(Further) climate harmful subsidies in the energy sector	33.0
e.g. Many energy tax reductions for several sectors	
Lower energy tax rates for most polluting fossil fuels	
➔ Total sum (at least)	55.1



Compensation payments for physical impacts of non-internalised external costs (in billion € p.a.)

Based on a study from the Federal Agency for Nature Conservation 2019

- ➔ **For excessive use of fertilisers** **> 1.0**
 - **A nitrogen surplus charge should be introduced to reduce the negative external effects of agriculture and to compensate for them.**

- ➔ **For excessive use of pesticides** **1.0**
 - **Based on the positive experiences in Norway and Denmark a risk class differentiated charge should be introduced**

- ➔ **Revenues should be used for**
 - **Recycling into the agricultural sector**
 - **Targeted measures in particularly sensitive areas**
 - **Increasing acceptance**



Conclusions

1. There are at least **55 billion Euros biodiversity harmful subsidies** in Germany which should be reduced
2. **Compensation payments** for the excessive use of fertilisers and pesticides should be introduced (providing more than 2 billion Euros)
3. **A very minor part of such additional revenues would be sufficient for upscaling public biodiversity expenditures** substantially for meeting biodiversity objectives (1.4 billion Euros, currently 0.6 billion Euros, **gap: 0.8 billion Euros**)



Lessons learned

1. **Courageous politicians + persistent administrators** are necessary
2. **Regular monitoring and reporting** such as in various governmental reports like the bi-annual subsidy report with sustainable impact assessments (by the MoF) and correction of subsidies are crucial
3. **Using anyway ongoing political processes**, particularly budget (and biodiversity and climate) discussions and the yearly budget planning to integrate subsidy reforms
4. Form **allies with potential winners** of such reforms such as the MoF, but also companies and other stakeholders
5. Use **appropriate communications** to support subsidy reforms
6. Targeting the current and later support measures environmentally („**green recovery**“) is the **chance of the crisis** for the acceleration of the ecological transition. The **EU green deal** and other studies point at such chances
(https://foes.de/publikationen/2020/200330_FOES_Economic_support_measures_corona_crisis.pdf)



International Conference by the Federal Agency for Nature Conservation (BfN):

Economic incentives that affect biodiversity

When: 13.-16. June 2023

Where: On the beautiful island Vilm in the Baltic Sea/Germany

Programme at:

<https://www.bfn.de/veranstaltungen-ina/economic-incentives-affect-biodiversity-06-2023>

Registration at:

https://www.bfn.de/en/bfn-events/logon/ina_praesenz/10506

Deadline: 29.05.2023



Sources:

1. Federal Agency for Nature Conservation (BfN):

Reduction of biodiversity harmful subsidies and compensation payments for physical impacts – Economic Instruments for the protection of biodiversity, (BfN, 2019, in German: https://www.bfn.de/fileadmin/BfN/oekonomie/Dokumente/Abbau_naturschaedigender_Subventionen.pdf)

2. Federal Ministry of Finance (MoF, 2021, in German):

Bi-annual subsidy report with sustainable impact assessments:

https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/28-subsidy-report.html

3. Report from the Federal Environment Agency (UBA, 2016):

Environmentally-harmful subsidies:

in German: <https://www.umweltbundesamt.de/themen/wirtschaft-konsum/wirtschaft-umwelt/umweltschaedliche-subventionen#umweltschaedliche-subventionen-in-deutschland>

in English: <https://www.umweltbundesamt.de/en/environmentally-harmful-subsidies#direct-and-indirect-subsidies>

4. Recent political agreements of the coalition **regarding fiscal aspects (28.03.2023)**

(German only): <https://cdn.prod.www.spiegel.de/media/0e795cf8-1321-4f84-8c36-8a2f428ef958/Ergebnis%20Koalitionsausschuss%2028.%20Ma%CC%88rz%202023.pdf>